Business in Germany?
Landesbanken Sparkassen

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NEWS SUMMARY

GENERAL

Trudeau wins overall majority

Pierre Trudeau was returned to power as Canadian Prime Minister, three months after *announcing his intention* to leave high-level politics.

Support for the Liberal party in Quebec, Ontario and the Atlantic provinces reversed the defeat inflicted on Mr. Trudeau last May by Joe Clark's Progressive Conservatives, although the West elected only two of the 146 Liberals returned to Parliament.

The Liberals now have an overall majority over the 103 Progressive Conservatives and 32 New Democrats.

Two principal reasons are *being given for the result:* doubts about the calibre of Mr. Clark, and the tough budget proposals defeated in the House of Commons in December. **Back and Page 4; Editorial comment Page 22**

Iran power shift

Iran's *President* Bani-Sadr was appointed commander-in-chief of the armed forces by Ayatollah Khomeini in a move seen as further strengthening his position as head of government. There is some speculation that the Ayatollah is beginning to transfer some of his powers. **Back Page**

Gromyko warning

Soviet Foreign Minister Andrei Gromyko warned the U.S. that the Soviet Union would never allow it to break the "rough military parity" between East and West. Page 3.

Sakharov concert

Exiled Russian cellist Mstislav Rostropovich is organising a free concert in Paris on February 27 to bonour Andrei Sakharov, the physicist expelled from Moscow last month.

Tito responding

President Tito of Yugoslavia was said by doctors to be responding to treatment for his weakened kidneys, although be is still gravely ill. **Page 3**

King Khaled ill

King Khaled of Saudi Arabia, 67, was admitted to hospital for tests after feeling unwell. First results were satisfactory, the official Saudi press agency said. **Page 4**

Withdrawal plans

Britain plans to withdraw its 1,300-man monitoring force from Rhodesia eight days after *voting in the elections* ends on February 29. **Page 8**

IRA admits killing

The IRA claimed responsibility for the killing of Colonel Mark *Coe, 43, outside his home in* Bielefeld, West Germany, at the weekend. He served in Ulster in 1972

16-plus proposal

Plans for a *simpler* system of 16-plus examinations, with GCE Ordinary levels as the main "quality control," were announced by Education Secretary Mark Carlisle. **Page 8**

Jewel robbery

Armed gang stole jewels and rings worth £100,000-£150,000 from two diamond dealers as they left the London Silver Vaults.

Arsenic ruled out

Arsenic poisoning has been ruled out as the *cause* of *death* of five whales washed up on the south coast in the past week, the *Ministry of Agriculture* said.

Briefly . . .

Mountaineer Chris Bonnington flew to Peking to plan an ascent of Everest from the Chinese side.

Nineteen people were drowned when a motor launch carrying 200 passengers capsized at Dongazora, eastern India.

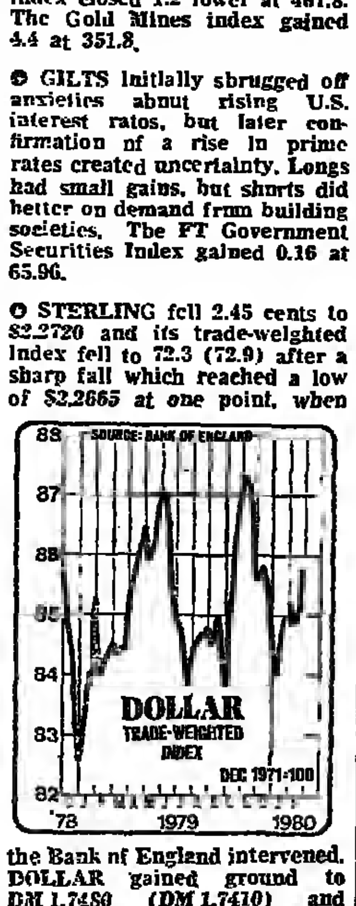
BUSINESS

Equities weaken; £ loses 2.45 cents

● **EQUITIES**, after an optimistic start, were affected by selling which hit ICI and other leading shares. The FT 30-share index closed 1.2 lower at 461.8. The Gold Mines index gained 4.4 at 351.8.

● **GILTS** initially shrugged off anxieties about rising U.S. interest rates, but later confirmation of a rise in prime rates created uncertainty. Longs had small gains, but shorts did better on demand from building societies. The FT Government Securities Index gained 0.16 at 65.96.

● **STERLING** fell 2.45 cents to *$2.2720* and its trade-weighted index fell to 72.3 (72.9) after a sharp fall which reached a low *of $2.2665 at one point, when* the Bank of England intervened. **DOLLAR** gained ground to *DM 1.7450* (*DM 1.7410*) and SwFr 1.6380 (SwFr 1.6280) while its index rose to 85.8 (85.5).



● **GOLD** fell $14 to $648.50 in London.

● **WALL STREET** was 11.86 lower at 873.12 shortly before the *close*.

● **HIGH COURT** has ruled in favour of Prudential Assurance in its action against Newman Industries and others. **Back and Page 26**

● **NORTH SEA OIL** producers are expected to increase exports to Common Market countries, Mr. David Howell, the Energy Secretary, said. **Page 9**

● **UNIT TRUST** sales figures for last month were £35.5m but with repurchases of £34.36m, net new investment was only £1.13m against £10.07m in January 1979. **Page 8**

● **SOUTH AFRICA** is expected to relax its stringent exchange control regulations shortly because of the country's R3bn (£1.6bn) trade surplus in the wake of the gold price rise. **Page 4**

● **ITALY'S** trade deficit last year rose to L4,725bn (£2.5bn) which was ten times the 1978 deficit of L363bn (£200m). **Page 2**

● **WATER AUTHORITY** employers will put forward an improved pay offer to leaders of the 33,000 manual workers in the supply and sewerage industry following the rejection by the main union last week of a 19.2 per cent pay rise. **Page 10**

COMPANIES

● **THERMAL SYNDICATE** taxable profits for the year to October 31, 1979, rose to £1.38m (£1.17m) despite a reduced contribution from the sale of processes and plant. **Page 24**

● **MARCHWIEL**, the building, civil engineering and construction group, reports pre-tax profits for the year to October 31, 1979 of £12.48m (£13.55m). **Page 25**. The company's vice-president, Robert McAlpine, has asked the Government to pay more than £10m in debts owed to his company.

● **DRAKE AND SCULL** Holdings *taxable profits slipped* in the six months ended October 31, 1979, to £1.33m (£1.42m) but the full year's result at £2.63m was ahead of the previous year's £2.53m. **Page 24**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Bejam	63	+ 3
Foster Brothers	106	+ 6
Greenall Whitley	169	+ 3
Jones (Ernest)	216	+ 18
Marchwell	88	+ 6
Meyer (Mont. L.)	99	+ 5
United Scientific	482	+ 9
Warner Estate	250	+ 18
Westminster and Country	42	+ 5
Whitbread "A"	134	+ 4
Burmah Oil	217	+ 5
North Sea Assets	90	+ 10
Ultramar	492	+ 14
Padang Senang	125	+ 18
Ashton Mining	160	+ 6
Haoma Gold	45	+ 10
Lennard Oil	105	+ 9
Monarch *Petroleum*	43	+ 4
Paringa	78	+ 13
Samantha Expln.	157	+ 9
FALLS:		
Blackwood Morton	18	− 2
Booker McConnell	267	− 8
British Home Stores	264	− 5
Furness Withy	373	− 4
GKN	258	− 5
Hawker Siddeley	176	− 6
ICI	395	− 5

Ministers act over industrial disputes

New curbs threat to Government say union leaders

BY CHRISTIAN TYLER, LABOUR EDITOR

Union leaders warned last night that the Government was in danger of provoking the kind of confrontation that led to the downfall of the last Conservative Government.

Their reaction to proposed curbs on sympathetic industrial action *was predictable in its* content, but was delivered in language of extreme hostility.

The laws, if enacted, would be widely disobeyed, trade unionists would end up in jail, and the industrial relations climate would be so soured as to put the Government's own future at risk, they said.

Employer bodies were far from unanimous in their verdict on the proposed legislation. Some welcomed the proposals as long overdue changes to the balance of union-employer power. Others, particularly the private steel companies, described them as hopelessly inadequate.

The main effect of the plans outlined in a consultative paper would be to make trade union officials vulnerable to writs in the civil courts if they called sympathetic industrial action in companies too far removed from the source of the main dispute.

But "first customers and first *suppliers*," defined in terms of the extent of their business dealings with the company in *dispute, would still be* legitimate targets of sympathetic action. Others, less dependent on the company in dispute, could successfully sue unions for breach of commercial contract.

It would be for employers to decide whether to seek injunctions or damages by taking advantage of the proposed narrowing of historic trade union immunity.

The plans follow almost *exactly* the lines of recent controversial judgments by Lord Denning, chairman of the Appeal Court, in his interpretation, overruled by the House of Lords, of the existing law.

Describing the proposals yesterday Mr. James Prior, the Employment Secretary, said that judges would be required to apply a number of tests and decide whether a particular strike or blacking was immune.

One of these tests would be of the motives of secondary action. Mr. Prior agreed that *this could for the first time* introduce into statute law the concept of the "political strike."

But, he said, political strikes, like the one-day protest planned by the TUC, were not at present covered by any immunity.

Yesterday's moves are the *direct* consequence of the Lords' decision in the recent Fleet Street blacking case of Express Newspapers v. McShane.

Mr. Prior, who successfully defended in Cabinet his decision to leave close customers and suppliers vulnerable to union action, defended his decision.

The aim, he said, had been to make the law follow what most people, including trade unionists, would see as the reasonable course. He had been under considerable pressure to narrow immunities even further, he said.

The announcement is certain to add to the groundswell of trade union rebellion against the Government's handling of the steel pay strike and its

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Details and Parliament, Page 12 ● What the new proposals mean, what the police want, and Editorial comment, Page 22 ● Villiers criticises Government, Back Page ● Other steel strike news, Page 10

Havers warning on mass pickets

BY RICHARD EVANS

THE GOVERNMENT yesterday spelt out the clear limitations set by the criminal law in a determined attempt to clamp down on the abuse of picketing by *militant trade unionists*.

The purpose of the statement made in the Commons by Sir *Michael* Havers, Attorney-General, was ostensibly simply to clarify the law following recent examples of mass picketing at private steel works, in particular Hadfields in Sheffield.

But Ministers intend the statement to be seen as a sharp warning to pickets that they could face prosecution is they flout the law in future, and as an indication to police chiefs that they will have the full backing of the Government if they invoke the law.

The message will got out to *chief constables that* not *only* should mass picketing be prevented because of the danger of disorder, but flying pickets should be stopped whenever possible before they reach their destination.

The timing of Sir Michael's statement was significant. It came on the eve of the forecast mass picketing today of the Kent plant of Sheerness steel, and of a meeting between Mr. William Whitelaw, Home Secretary, and representatives of chief constables who will outline proposals for changes in the law.

Thousands of demonstrators, including miners and dockers as well as steelworkers, are expected at Sheerness—the only private steel company to have worked throughout the strike.

Sir Michael's statement reflected growing concern among Ministers and many MPs that some police forces have not been applying the criminal law when there have been apparently flagrant abuses of picketing.

In particular, Ministers are keen that ringleaders *of* militant trade unionists who use intimidation to stop people going to *work should face arrest and prosecution*.

Ministers dismissed the prospect of thousands of pickets being sent to jail, thus making the law inoperable. They see the role of the police as making a judgment on the desirable scale of peaceful picketing and, should this be exceeded, of rounding up the ring leaders.

Another move by Ministers to head off further picketing *violence came yesterday in a* letter from Mr. James Prior, Employment Secretary, to Mr. Len Murray, TUC General Secretary, calling on the unions

Continued on Back Page

U.S. trade envoy warns of action on steel dumping

BY GILES MERRITT IN BRUSSELS

MR. REUBIN ASKEW, the U.S. Special Trade Representative, left EEC Commission officials in little doubt last night that the U.S. Government expected anti-dumping suits against EEC steel producers within days.

At the end of a two-day visit to Brussels for talks aimed at *forestalling an EEC-U.S.* trade war, Mr. Askew indicated to members of the 13-man commission that his Government could no longer prevent U.S. steel industry measures against EEC producers.

According to senior Commission officials, the talks in Brussels yielded a commitment on both sides "to remain in very close touch" in the next few months.

The fear is that an announcement, now believed imminent, by U.S. Steel of dumping complaints against EEC steelmakers would lead to Community-wide curbs on U.S. export of low-cost man-made fibres.

Mr. Askew is understood to have expressed anxiety that the U.S. industry's expected action on steel should not be seen by the Community as retaliation against the quotas that the UK has just been permitted by the commission to impose on U.S. fibres, or those that Italy threatens to create unilaterally *against* polyester products.

He could give no assurances that the U.S. would not seek compensatory measures under the General Agreement on Trade and Tariffs that could limit British wool textile sales to the U.S., or those of Italian footwear.

Mr. Askew's visit centred on *talks with Herr Wilhelm Haferkamp*, the External Relations Commissioner, and Viscount Etienne Davignon, the Industry Commissioner. It was made very clear to him that U.S. anti-dumping suits would entail a "disastrous" cut in the European steel industry.

The moves to initiate action are led by the losing U.S. Steel, but it is understood that similar suits would also be lodged by Bethlehem, Republic and National steel groups.

European steel industry experts think that introduction of complaints before the International Trade Commission, even if subsequently disallowed, may halve *EEC* steel sales in 1980 from a likely level of 5m tonnes at a cost to European producers of about $1bn (£430m).

Mr. Askew left Brussels for London, where be will hold discussions with a number of Ministers, including Mr. John Nott, the Trade Secretary.

Flooding of the UK market by U.S. synthetic fibres produced from low-cost oil and gas feedstock has been a central issue in the trade disputes between the EEC and the U.S.

The need to avoid further retaliatory measures on either side is expected to head the agenda at the London talks.

Dunbee asks for a receiver

BY ARNOLD KRANSDORFF

DUNBEE - COMBEX - MARX, yesterday lost its battle for survival and asked its bankers to appoint a receiver.

A brief statement from the toy company said it could not meet the liabilities it guaranteed in respect of its overseas companies' debts. The announcement came 24 hours after the company asked for its shares to be suspended at the market *price of 22p*.

This followed the failure to clinch two vital deals, which would have enabled the group to extricate itself from direct involvement in the loss-making activities in the U.S.

The deals fell through after the group's U.S. creditors filed a petition under the Federal Bankruptcy Act to preserve their rights.

Under the procedure, the U.S. *company* is *compelled* to work out a plan to pay its debts which, according to the petition, *amount* to $110m (£48m) against assets of $98m.

Of the U.S. debts, the parent company guaranteed about $17m. This is in addition to guaranteed debts elsewhere in the world, details of which have *so far* not *been revealed*.

Following a request to appoint a receiver to the parent company, the Midland Bank has also appointed receivers to all Dunbee's UK companies other than those in the Martlet Group of do-it-yourself and industrial businesses comprising Decco, Dunbee and the Stephen Wilson Group.

The parent company receiver, Mr. Paul Shewell, a partner in Coopers and *Lybrand*, intends to go ahead with the planned flotation of the DIY and industrial division. Midland Bank will support efforts by the receivers to cary on the trades of the UK subsidiaries with a view to their early sale as going concerns.

Mr. Richard Beecham, Dunbee's joint managing director, said *yesterday*: "This is one of the saddest days of one's life.

According to the last annual report the group employs more than 4,000 people in the UK. No redundancies are expected in the immediate future, Mr Beecham said.

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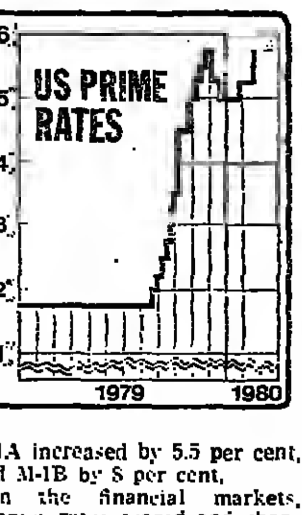
U.S. inflation 'could well accelerate'

BY STEWART FLEMMING IN NEW YORK AND DAVID BUCHAN IN WASHINGTON

MR. PAUL VOLCKER, chairman of the U.S. Federal Reserve *Board, warned yesterday that* inflation "could well accelerate" in the first quarter of the year as bond prices plunged to new lows and commercial banks raised their prime lending rates back to a record 15¾ per cent.



The Fed chairman was testifying before the House of Representatives' Banking Committee four days after wholesale price figures released last Friday indicated that a fresh burst of inflation may be on the way. The Fed reacted by raising its discount rate from 12 to 13 per cent.

Mr. Volcker, who warned that any progress in curbing the inflation rate would only become apparent in the latter part of the year, unveiled the Fed's new *money supply targets* for 1980, which he said should result "in further slowing of monetary growth this year."

So far, however, Mr. Volcker's tighter money policy, instituted last October, has had patently little effect on bringing the inflation rate down.

The Fed's new target ranges for money supply growth, for the last quarter of 1979 to the last quarter of this year, are for M-1A (currency and deposit accounts) to grow 3.5-6 per cent, the new M-1B (currency and all transaction balances) to grow 4-6.5 per cent, M-2 by 6-9 per cent, and M-3 by 6.5-9.5 per cent.

If the central bank managed to hit the middle of these target ranges, Mr. Volcker said, it would represent a significant slowing in money growth compared to last year, when the M-1A increased by 5.5 per cent, and M-1B by 8 per cent.

In the financial markets, interest rates soared and share prices tumbled for the third consecutive day as *they reacted* to growing fears of an acceleration in inflation and to the discount rate *rise*.

Early yesterday several major banks, led by Chase Manhattan, with Bank of America, Morgan Guaranty Trust and Continental Illinois of Chicago quickly following suit, all raised their prime lending rates from 15¼ per cent to 15¾ per cent.

The *rise* reflects a renewed surge in the banks' cost of funds following the discount rate increase. At one point in the morning, Federal Funds were trading about 17 per cent and three months certificates of deposit traded about 14.60 per cent, one and a-half percentage points higher than a

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PSBR target under £9bn

BY SAMUEL BRITTEN

THE BUDGET is being planned with the object of holding the public sector borrowing requirement at the lower end of a range of £8.5bn to £9bn, or even getting below it, in order to relieve the pressure on interest rates and on sterling.

There has been a radical downward revision in the Treasury estimate of public sector borrowing for 1980-81 from the £11bn estimate of last November.

The new figures reflect both estimating and policy changes, including the recently agreed further round of public spending cuts. The latest increase in North Sea oil prices will add to revenue, as will tax payments deferred from the present financial year.

On the policy side, the new estimates take into account both public spending cuts in volume terms, amounting to about £700m, and an additional cash limits squeeze which could amount to 1-2 per cent of the public spending total, or *just over £1bn in actual money*.

The new estimates have a large margin of error and could be upset if the recession is worse than expected. The likely PSBR outturn for 1979-1980 is £9bn, compared with a Budget estimate of £8.3bn.

Lombard Page 20

Where?

Thinking about relocation. But where? You will have a set of views, opinions and prejudices about different areas of the country. *This forms your geographical 'mental map'* through which you sense the relationship of one place to another. But with so many carefully manipulated maps about, it's easy to confuse your 'mental map' with reality.

We don't intend to confuse you. No manipulated map. Just straight talking. Quite simply Northampton's gazetteer reads: midway between London and Birmingham on the M1, close to the M6 junction and therefore within easy reach of most of the country. Indeed, 50% of Britain's industry and 57% of its population is within a 100 mile radius. The major sea ports of London, Southampton, Bristol, Immingham, Felixstowe and Harwich are all within a 100 mile radius. Birmingham, Luton and East Midlands airports are within 50 miles. Heathrow is about 70 miles away.

An inland customs depot with full import and export facilities, ready-built industrial and commercial premises or full serviced sites, a wide choice of homes to rent or buy, good shopping, educational, recreational and entertainment facilities, as well as lots of open space, provide the infrastructure of this mature county town of regional influence.

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for a straight answer
contact Leslie Austin-Crowe BSc FRICS,
Chief Estate Surveyor
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2-3 Market Square, Northampton NN1 2EN
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Italy's trade gap widens ten-fold to £2.5bn

BY RUPERT CORNWELL IN ROME

A DRAMATIC deterioration in Italy's trade balance in November and December sent the countrys overall 1979 trade deficit up to L4.725bn (£2.5bn), more than ten times the L363bn reported in 1978.

According to figures released yesterday by ISTAT, the national statistical institute, almost two thirds of the deficit — L3,177bn — occurred in the last two months. The December deficit of L1,718bn was the worst monthly figure ever recorded.

The sudden deterioration was largely caused by the sharp rise in the cost of oil imports in the second half of 1979 and e beavy rise in imports by both the chemical and metallurgical sectors.

However, Italy's true trading position may not be as bad as the figures suggest, and the deficit would be considerably lower if calculated on an fob basis. The returns for November and December suggest a sharp rise in stock-piling imports in anticipation of further price increases in the pipeline.

None the less the trend that emerges is ample proof of the growing difficulties feeing the economy, as well as an indication of the shrinking competitiveness of Italian industry faced with an inflation rate now running at over 21 per cent a year.

Textiles and clothing exports prodnced tha greater foreign earnings at a net L7,399bn, followed by engineering products (L6.456bn) and transport products, including cars, (L1.954bn).

Bnt these were more than ontweighed by the deficit of L10.634bn on oil products, on which Italy is some 70 per cent dependent for its overall energy requirements, and that for foodstuffs of L4,926bn.

According to ISTAT imports for the year cost a total of L64,652bn, np 35 per cent on the previons year, while exports at L59,927bn were only 26 per cent higher than in 1978 in valne terms.

Christian Democrats postpone decision on party secretary

BY OUR ROME CORRESPONDENT

ITALY'S Christian Democrats yesterday moved further to postpone the moment of truth in the simmering Government crisis here hy agreeing to hand the task of chooaing a party secretary to a meeting of the party's National Council, to be held within the next three weeks.

The decision hy the Christian Democrat National Congress here—its first precise move after four days of argument, horse-trading end backstage manoeuvring—means that the congress is likely to end today with a series of votes on policy statemants and lists of candidates for the new National Council.

The move to entrust to the council—rather than to the congress, as at present—the task of electing a successor to Sig. Benigno Zaccagnini, in effect freezes any initiative to try to hreak the political deadlock until the National Council meets.

The cboice of a secretary is intimately connected with the all-important question of what degree of co-operation the ruling party is prepared to accept with the Communist Party, which in turn overwhelmingly conditions the future pattern of Italian politics.

Now that the Christian Democrats predictably have chosen to put off the decision. it remains to be seen what will he the attitude of the Socialist Party, upon whose Parliamentary ahstentioo the fragile Government of Sig. Francesco Cossiga depends for its survival.

The Socialists are officially committed to bringing down Sig. Cossiga as soon as tbe Christian Democrat coogress, which they insisted should produce a clear cnt policy statement, was over. But there are signs that the Socialists may now be ready to wait until this spring's regional electioos, which will provide an important indication of party strengths.

In the meantime, further intense hargaining is in prospect to find a Christian Democrat party secretary, this time in the smeller forum of the National Couocil. The present front-runner is probably Sig. Arnaldo Forlaok, the former Foreign Minister, followed by Sig. Flaminio Piccoli, the Christian Democrat president who, however, is hampered by a serious split in his own centrist "Doroteo" faction.

The strongest single grouping now is one embracing Sig. Zaccagnini and Sig. Giulio Andreotti, the former Prime Minister, with around 40 per cent of congress support.

Sig. Piccoli would be happy to join them and ensure his own election. But to do so might provoke defections from his supporters who oppose the conciliatory line towards the Communists of Sig. Zaccagnini and Sig. Andreotti—even though this stops well sbort of allowing the Communists into government.

Sig. Francesco Cossiga, right, the Prime Minister, and Sig. Benigno Zaccagnini, the outgoing party secretary, at the Christian Democrat congress.

Oil imports boost French trade deficit

By David White in Paris

THE GRAVE impact of oil price increases on France's foreign trade balance became apparent in January, with one of the worst-ever monthly results, a seasonally adjusted deficit of FFr 4.63bn (£494m).

The shortfall was almost half that for the whole of last year, when France kept its trade deficit down to FFr 10.1hn.

Tha deficit compared with one of FFr 927m in Decemher. Tha rata of import cover was whittled down from 97.7 per cent to 89.2 per cent, the weakest level for three years.

In crude terms, the shortfall reached FFr 7.08hn.

Imports on an adjusted basis showed a rise of 34.6 per cent aince January last year, compared with export growth of 19.2 per cent.

The net energy bill reached FFr 9.5bn, FFr 1.4bn more than in Decemher and FFr 4hn more than a year previously.

But the damage was mede worse hy a relatively weak export performance for capital goods, which showed a small FFr 700m surplus. Government trade officials said the normal January slowdown in deliveries had proved much sharper this year, but the setback was expected to he offset in February.

A more serious reflection on French industry's performance is contained in the consumer goods and household equipment figures, which showed an 18 per cent rise in imports from last year's montbly average.

On the other hand, agricultural exports, which in 1979 made an important positive contribution for the first time in several years, gave evidence of reinforcing this trend, with a January surplus of FFr 1.04hn.

Bundesbank will keep tight cash restraints

BY KEVIN DONE IN FRANKFURT

THE BUNDESBANK, the West German Central Bank, sees no reason to ease its tight monetary policy and is aiming at the lower end of its money supply target for 1980.

In January the money supply grew at au annual rate, seasonally adjusted, of 5.5 per cent. This compared with a 6.3 per cent rate of growth during the final quarter of last year. The January performance was well within the Bundasbank's target for the 12 months to the end of September 1980 of a growth of 5 to 8 per cent.

In its report for Fehruary tha Bundesbank says that there is no reason to change course as long as economic activity continnes at a strong lavel with a tendency for prices to rise strongly and the Deutsche mark exchange rate shows signs of weakness.

The strongest domestic impetus for economic growth was still coming in recent months from West German industry's increasing readiness to boost capital expenditure.

In the last quarter of 1979 the valna of new orders for capital goods was 10.5 per eent above the corresponding figure for the last three months of 1978.

Investment in new equipment in the same period showed an increase of 13.5 per cent in value and 10.5 per eent in volume.

Despite the slowing down in economic ectivity apparent in tha first weeks of 1980, the Munich-based IFO economic research institute is expecting the high level of domestie capital expenditure to continue this year.

According to an IFO report published yesterday, investment in plant and equipment is expected to increase by 5 to 6 per cent this year. The high level of existing order books in many industrial sectors is thought to be enough to ensure this expansion.

Manufacturing industry is expected to play a strong part in this investment growth, along with some service sectors, with an additional impetus coming from tha introduction of new products to the market.

Capital goods investment is not considered to be particularly sensitive to ahort-term falls in demeod, although these will play a role in lowering sales hy the motor industry.

According to the Bundesbank report many important areas of the German economy were close to, or had already reached, full capacity levels.

The Bundeshank is now predicting a deficit on the halance of payments current account of as much as DM 20bn this year, following the deficit of DM 9bn last yaar, the first time the current account baa been in daficit for 14 years.

The Central Bank has alsn issued a warning that the recent wage agreements conclnded by the metal workers will add considerahly to cost pressures io the Federal Republic. When increases already agreed in previous wage rounds are taken into acconnt the rise will be of more than 8 per cent, says tha Bundeshank.

The Central Bank's latest report also makes clear that private individuals heve been buying much more gold in recent months.

Dutch Government holds unofficial talks with PLO

BY CHARLES BATCHELOR IN AMSTERDAM

A SENIOR Dutch Foreign Ministry official has held talks with the Palestine Liberation Organisation (PLO) in Damascus and Beirut.

The meeting, which took place at the request of the Dutch Government, is part of a deliberate effort by the Netherlands, which has traditionally heen strongly pro-Israel, to improve contacts with the PLO.

The Damascus talks were between Mr. Naboth van Dijl, head of the Foreign Ministry's directorate for Africa and the Middle East, and Abdel-Mohsen Abu Maizar, a member of the PLO executive committee and head of its international affairs department. They were accompanied by the Dutch ambassador to Syria and a senior PLO officer.

The Dutch Foreign Ministry [illegible] Foreign Ministries, were not considered "official," since this implied recognition of the PLO. The aim was to ask the PLO to reconsider its attitude to Israel.

Contact had already been established within the dialogue between the EEC and the Arab League, end as a result of Dutch participation in the United Nations peace-keeping force in southern Lebanon.

The latest meetings come three months after the Dutch Parliament approved a carefully worded Opposition motion urging the Government no longer to avoid unofficial contacts with the PLO.

The Netherlands has maintained its pro-Israel stance despite the benefits of closer ties with the Arab world. It was the only country in Europe [illegible] boycotted during the 1973-74 oil crisis. Its sizable [illegible] industry makes it [illegible] vulnerable [illegible]

Austria gives more credit to E. Germany

By Leslie Colitt in East Berlin

AUSTRIA HAS increased its trade credit line to East Germany by Sch 5bn to Sch 17bn (by £174m to £593m), to facilitate further Austrian industrial projects in East Germany.

The agreement was signed in Vienna between representatives of the major Austrian banks and Dr. Werner Polze, president of the Deptsche Anssenhandleshank.

Trade between East Germany and Austria has expanded since 1978, when the first Sch 12hn trada credit was given, and Voest-Alpine of Austria headed a consortium which landed a Sch 5bn contract to erect a roughing-down mill at the steel works in Ilsenburg.

Austrian exports to East Germany rose to Sch 2.2bn last year, from Sch 1.7bn, while imports from East Germany were Sch 1.5bn, compared with Sch 1.4bn in 1978.

New hope of firm pledges on West's oil ceilings

BY TERRY DODSWORTH IN PARIS

HOPES OF FIRM commitments on oil import ceilings for 1981 by the western industrialised nation were improved yesterday after a meeting in Paris of the governing board of the International Energy Agency.

If accepted, the ceilings would replace the vaguer goals for imports up to 1985 adopted by Western Governments et a ministerial meeting of the 20-nation IEA last December.

Those targets are now regarded as too high and too indefinite by some IEA members, who want much more positive commitments on restraining consumption in the western world.

At the same time, however, the IEA members have hacked away from moves to make an early decision on cutting down their oil import target for this year.

Ministers at the December meeting agreed to limit oil imports to an overall total of 23.1m barrels a day in 1980 end to adjust this, if necessary, at a further session in March. Following disagreement between memher countries on the practical steps which could be taken next month, that meeting has now been postponed to May.

Some countries, including the U.S., have accepted tbe postponement partly because, on present trends, oil consumption will fall this year under the pressure of reduced economic activity.

Mr. Niels Ershoel, chairman of the governing hoard, said that, even thongh stocks stood at record levels—420m tonnes in January, against 385m tonnes last year—and production remained high, the trend towards rising prices showed that the West must accelerate steps to rednce consumption.

Prague reports fall in tourism

BY PAUL LENDVAI IN VIENNA

CZECHOSLOVAKIA has reported a 10 per cent drop in the numher of western tourists who visited the country in 1979 compared to the previous year.

Tha number of holiday-makers from the eastern bloc also fell, hut the decline in the number of visitors from hard currency areas affects the country's external payments situation most directly.

The official news agency report of the figures referred only to numbers of tourists and gave no indication of the foreign exchanga inflow or reasons for tha decline.

The total number of tourists last year was 18.35m, about 1.08m down on the figures for 1978. There was a 6 per cent drop in the number of visitors from other Socialist countries to 17.2m.

Tourists from the West and the Third World numbered 1.12m. West Germans headed the list with 414,000, followed hy Austria (275,000), Italy (68,000), tba U.S. (43,600) and Sweden (34,000).

East Germans led the eastern bloc figures with 6.7m, a drop of 250,000, followed by Hungary (5.2m, down by 500,000), and Poland (4.4m, down hy 570,000).

The number of Czechoslovaks travelling abroed dropped by 667,000 to 10.2m. The decline in trips to other Communist countries was said to be due to transit restrictions imposed last summer by Romania. The number of travellers to the West is reported to have risen by 12 per cent to 436,000 last year, with 125,000 going to West Germany and 116,000 to Austria.

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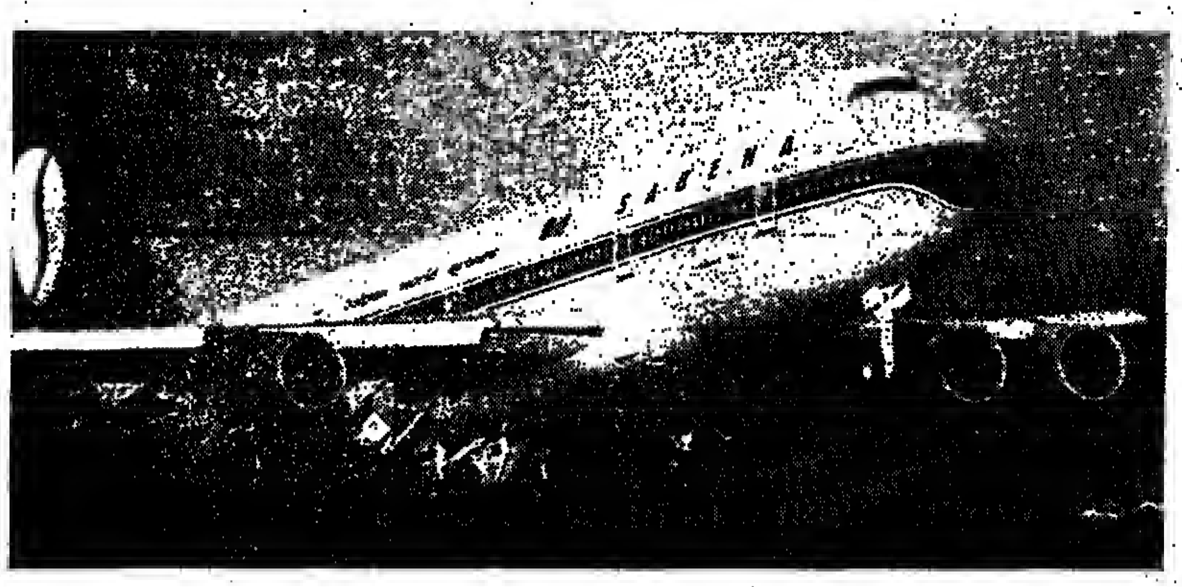

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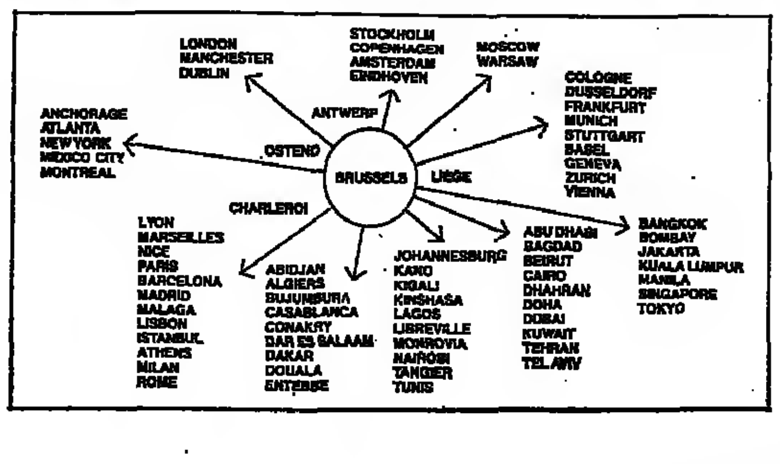

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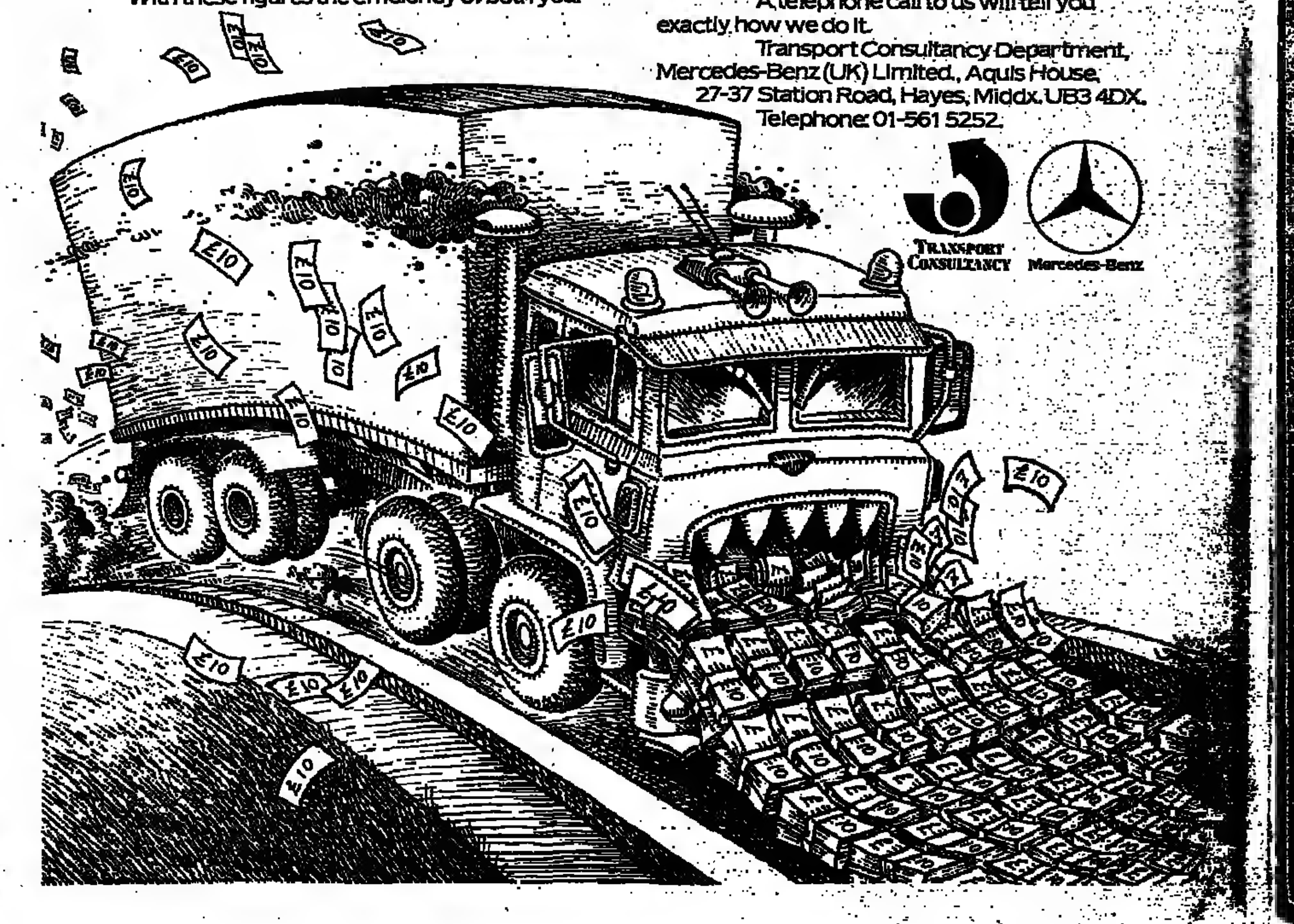

W. Germany to campaign for aid for Turkey

BY METIN MUNIR IN ISTANBUL

HERR HANS MATTHOEFER, the West German Finance Minister who left Ankara yesterday after consultations with Turkish leaders, will soon embark on a campaign to raise $2.5bn to bridge Turkey's 1980 balance-of-payments deficit.

He will also try to raise the level of Western military aid to Turkey, particularly from his country and the U.S.

Herr Matthoefer will travel to Britain, the U.S. and Canada, and will communicate with France, German officials said here.

His programme is also expected to include contacts with the International Monetary Fund (IMF), the World Bank and international banks.

Herr Matthoefer apparently believes that Ankara's $2.5bn requirement is "realistic" and "possible to meet."

The credits could play a crucial role in reversing the three-year-old trend of recession and could buttress the new economic package of Mr. Suleyman Demirel, the Prime Minister.

The package has triggered price increases, deepening the potentially very serious social discontent among the low-income city-dwellers who are in the overwhelming majority.

Mr. Demirel must show some results if his package—intended to liberalise the Turkish economy and open it up to foreign capital — and his four-month-old minority Government are to survive.

The Germans believe it may be possible to raise $1.5bn under the aegis of the Organisation for Economic Co-operation and Development (OECD), which put together a similar package of $906m last year. The terms of the new loan would be more generous, with a higher ratio of programme credits.

An IMF stand-by agreement and about $600m from the World Bank would constitute other sources.

The Germans further believe that international banks' reluctance to open further credit lines to Turkey could be overcome under pressure from the IMF and Western Governments.

The OECD is to hold a pledging session of its members in Paris on March 25. Funds could be forthcoming in April or May.

Psychologically, the credits would be a boost for Turkish industry, which has relapsed into a state of gloom, and generally raise Turkey's morale.

Mr. Andrei Gromyko: willing to negotiate

Gromyko warns U.S. on arms

By David Satter in Moscow

MR. ANDREI GROMYKO, the Soviet Foreign Minister, has warned the U.S. that the Soviet Union will never allow it to break what he said was the rough military parity which now exists between East and West.

The Soviet Union is ready to conduct talks on reducing the numbers of medium-range missiles in Europe, but only if the North Atlantic Treaty Organisation's decision to deploy new U.S. missiles in Western Europe is cancelled or suspended, he said.

In a wide-ranging speech published yesterday in the Communist Party newspaper Pravda, Mr. Gromyko also ridiculed "some figures" in the U.S. who have been unable to put their "disturbed nerves" in order after the Soviet intervention in Afghanistan.

"The Soviet Union has pursued no other objective but to help the Afghan people in repelling outside aggression," Mr. Gromyko told a meeting near Moscow on Monday.

The U.S. had reacted "oversensitively" to the failure of its plans to transform Afghanistan into "a U.S. military bridgehead."

Mr. Gromyko warned the U.S. against playing the "China card" in relations with the Soviet Union. He said: "This game is fraught with hazards for those who are about to engage in it" and is "dangerous for the cause of peace."

Mr. Gromyko accused President Jimmy Carter's Administration of turning towards cold war policies.

It was in the atmosphere of a "militarist bacchanalia" that the decision was taken to put off ratification of the SALT-II treaty, he said.

There was no "oustanding issue of inter-state relations" which the Soviet Union would be unwilling to negotiate as equals, but Mr. Gromyko made no mention of willingness to negotiate over the presence of troops in Afghanistan.

Anthony Robinson in Belgrade assesses the economic dilemma posed by Tito's decline

Yugoslavia faces an uneasy choice

"IN THE long run, the present situation cannot continue. Either, because of existing problems in the economy, even stronger administrative measures will have to be introduced: or we will have to strengthen the laws of the market economy. There is no third possibility."

This assessment by Prof. Dusan Bilandzic — historian, Party theorist and member of the Central Committee of the League of Communists in Croatia—sums up the economic dilemma now facing Yugoslav politicians as the country seriously contemplates the prospect of life without Tito.

It reflects the debate now taking place here between those who believe that the future lies in greater democratisation and economic liberalism and those who argue that tighter central controls are needed to inject greater discipline into an overheated economy.

In the middle, the pragmatic younger generation of technocrats, economists and bankers agree that the process of liberalisation should continue, but say it must be accompanied by a strengthening of macro-economic control by the Federal Government and Central Bank over import licences, overall investment priorities and money supply.

The need for such discipline has just been underlined by the debate in the Federal Assembly in Belgrade which precedes the fixing of annual economic targets. This year representatives from Yugoslavia's six republics and two autonomous provinces agreed in principle that economic growth should be kept to around 5 per cent, compared with 7 per cent last year, and that the balance of payments deficit must be reduced to $2bn from last year's record $3.5bn.

The foreign debt is already in excess of $13bn and the authorities do not want to see it rise much further. Reducing the balance of payments deficit is, therefore, the number one priority. To achieve this, however, investment has to be curtailed, exports raised by a targeted 6 per cent in volume terms, and inflation cut from last year's 23 per cent to 17 per cent or less.

Although the republics agreed on the overall targets, they could not agree on the individual sacrifices which every republican province will have to make for the overall targets to be achieved. Indeed, when the imports required to satisfy the investment and production targets of the individual republics were added up, the figure which emerged implied a payments deficit of $5bn.

Much horse-trading and political skill will be required to bring the $2bn target within reach. And it will be one of the main yardsticks for measuring the ability of the post-Tito political arrangements to stand the strain of taking unpopular decisions.

Once political agreement is reached, it will be up to Yugoslavia's self-managing enterprises and social bodies to show that they, too, are capable of adhering to the overall national targets. It is at this point that the "centralists" argue that the Federal state must have the fiscal and monetary instruments to ensure compliance with the overall targets.

This in turn highlights the dilemma described by Professor Bilandzic. Under the Yugoslav system, the self-managing enterprises and institutions are supposed to run their own affairs. Is this compatible with stronger administrative controls from the centre?

All that can be said at this stage is that Yugoslavs are acutely aware of the dilemma, and that in the past they have shown considerable ingenuity and a willingness to change the rules, if necessary, without destroying the basic principles

It is clear, however, that all is not well with self-management. Professor Bilandzic sums up the problem this way: up to now, he says, the tendency in Yugoslavia has been to nationalise profits and socialise losses. The most efficient enterprises are being discouraged because the profits which they are theoretically supposed to control on the self-management principle are often virtually taken away from them.

These enterprises, he points out, not only pay taxes to the local and federal government. They also have to subsidise the losses of the less efficient companies, pay the biggest contributions to the regional development fund and face the biggest claims for the self-managing bodies which run health, education and social security facilities.

The problem highlighted by Prof. Bilandzic is compounded by the fact that Yugoslavia is in the grip of "investment mania," and has been for years. In many ways, one of Yugoslavia's most attractive features is the enormous enthusiasm for investment which is aimed at modernising the economy, cutting unemployment — the official unemployment rate is 12 per cent, in spite of an exodus of over 1m Yugoslav workers and their families — and reducing the gap between the north and the south.

The difficulty is that, until recently, many investments have been undertaken by loss-making enterprises without funds of their own to invest or at the behest of local politicians wanting to endow their particular republic with "prestige" facilities like petro-chemical plants and refineries which may involve unnecessary duplication of already underemployed capacity.

The resulting distortions have tied up investment funds, added to inflation and distracted attention from the important task of boosting exports to pay for the imported equipment and spare parts required. The problem has been made even more complicated by the tendency of self-managing enterprises to employ more people at the expense of productivity per man and to vote themselves higher salaries than either productivity of profitability justify.

It is at this point that the "liberalisers," or free marketeers, come into their own. They maintain that the best solution to these problems lies in more competition, greater freedom for the market to decide priorities, and a new willingness to allow efficient companies to keep and reinvest their profits, while inefficient enterprises go to the wall.

They also argue that restrictions on private enterprise should be relaxed, on lines similar to legislation already in operation in Slovenia. The Ljubliana Economics Institute recently estimated that up to 1.5m new jobs could be created in the private sector if some of the present ideologically-imposed limits were removed.

TITO 'RESPONDING TO TREATMENT'

BELGRADE — President Tito, who is still dangerously ill, rallied slightly yesterday. Doctors said his critically weakened kidneys were improving.

Almost a week after Government leaders started preparations for the funeral of the President, who is 87, a medical bulletin, which still described his overall condition as grave, said his kidneys had responded to active therapy. But officials said the situation remained tense and unpredictable.

The President's heart, described as generally robust despite some strain last week, remains a key factor. He is reported to have been drifting in and out of consciousness.

In yesterday's bulletin, the team of eight doctors at Ljubljana, Northern Yugoslavia, said "Problems of insufficient functioning of the kidneys are less evident after the application of active therapy." Other forms of intensive treatment were also being applied.

Few details of President Tito's treatment since he went into hospital nearly seven weeks ago have been disclosed, but indications are that various life-support systems have been used.

Reuter

Vance in Bonn to close alliance ranks

BY ROGER BOYES IN BONN

Mr. Cyrus Vance, the U.S. Secretary of State, begins talks in Bonn today on the first stage of his European tour. His visit is aimed at closing the ranks of the Western alliance —or at least papering over the cracks between Washington and some of its European partners.

The atmosphere was somewhat soured recently by abortive attempts to organise a Western Foreign Ministers' meeting to prepare a response to the Soviet invasion of Afghanistan. The meeting was intended to coincide with Mr. Vance's Bonn visit, but the move foundered after France turned down an invitation, saying it opposed confrontation between East and West as a response to the crisis.

The West German Government clearly feels that lack of consultation between the U.S. and Europe is at least partly to blame for the confusion.

The need for more consultation is expected to figure on the agenda in Bonn, although German leaders will naturally stress their commitment to the alliance.

Mr. Vance, who is also to visit Paris, London and Rome, has been reassured of Bonn's solidarity by a string of visits by West German politicians to Washington in the past 10 days. Count Otto Lambsdorff, the Economics Minister, has had talks with other top U.S. officials as has Herr Willy Brandt, the Social Democrat Party chairman.

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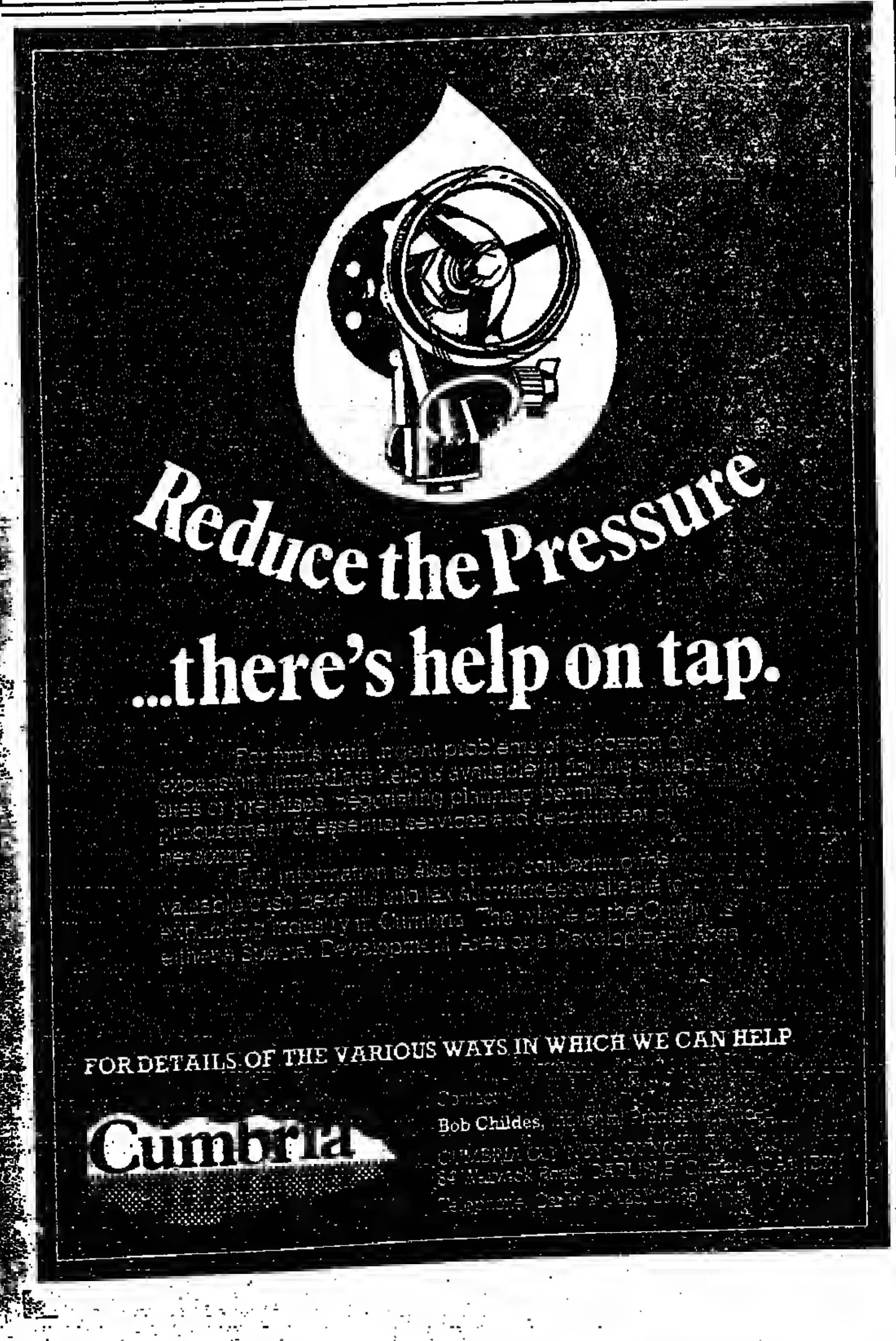

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OVERSEAS NEWS

Manpower problems hurt Libya's growth prospects

BY SUSAN MORGAN

THE RECENT upsurge of tension between tha two North African Arab states of Libya and Tunisia is drawing attention to Libya's own economic problems as mucb as to the many serious political differences between them.

Last month's Libyan-inspired attack on the Tunisian mining town of Gafsa provoked anger and suspicion which has now iotensified with the installstion of an off-shore oil platform by tha Libyans in the disputed Gulf of Gabes. The Tunisian Prime Minister has described the Libyan move as "an act of provocation."

Libya has been contesting off-shore oil rights with Tunisia for over a decade, and the two countries nearly came to blows over the issue in 1977. Col. Gaddafy and Mr. Habib Bourguiba also diffar markedly in their styles of leadersbip and in their views on such key issues as the Egypt-Israel peace treaty.

But the roots of tension also lie in the deep-seated economic disparlties between the two countries. Closer relations or even a merger (abortively attempted in 1974) could hring mutual benefits. But their differences rule the idea out.

Libya's chief economic problem ls its manpower shortage. The country has a population of only 3m. Tunisia, thougb lacking Libya's oil resources, boasts a population more than twice the size (6.3m) but suffers from serious unemployment.

So far Libya's powerful economic base is relatively unaffected by its feuds with Tunisia and Egypt, or by the sacking of the U.S. embassy last December and of the French embassy and consulate in Libya early this month.

But there are disquieting signs that oil wealth alone may not prove enough to see Libya througb in the loog term. Certainly the country will face serious difficulties broadening its economic base away from oil before reserves expire in 30 years' time.

In the short-term, two recent increases in the price of crude oil will boost Libyan per caplta income even higher than the $10,000 claimed last March—and the country is virtually awash with petrodollars. But apart from the severe lahour shortage, the two main constraints for the future are a lack of basic economic installations and the ravages caused by Col. Gaddafy's almost naive exercise in economic socialisation.

Economic development should follow the 1976-80 "transformation" plan which aims at raising the gross domestic product hy 11 per cent a year. The non-oil sactor is supposed to grow at twice the pace of oil. But it is running badly behind schedule, and industry and agriculture still account for only a minimal proportion of GDP.

The plan is designed to meet most perceived needs simultaneously—in agriculture, industry, utilities, transport and communications as well as the social services. However, the constraints on Libya's development mean that only 70 per cent of allocations will be used by the end of the plan, and the oil refinery programme has been curtailed.

The sacking in January of five key Ministers—including the Ministers of Oil and the Economy—testify to the frustration felt about the lack of progress. A spokesman said that Libya was entering the final year of the plan with a backlog of $5.4bn-worth of projects. Significantly plans worth around $12bn will be transferred to the 1981-85 plan, which must he reviewed.

GDP growth is nevertheless said to have averaged 9.5 per cent a year over the past four years, close to the projected figure. Industrial production rose by 15.7 per cent from 1978, mainly because of an increase in petrocbemicals and agricultural output grew hy 8.5 per cent.

Although conspicuous wasta was a feature of the past there is now a new awareness of cost. Recently a World Bank team was invited for the first time to streamline contract procedures and help implement them more efficiently. Despite bigh revenues, Libya's planners are also contemplating borrowing on the international capital market for development purposes.

The acute shortage of skilled administrators has been worsened by the exodus of 100,000 out of 250,000 Egyptian guest workers following the breakdown of relations in 1977, and by military conscription in response to a perceived threat hy Egypt.

Some 50,000 young men were drafted in the first of three call-nps last year. Foreign companies complain that their liaison man witb the Government and their trainees suddenly disappear witbout warning for up to three years. In ona case, a commercial attaché calling on the crucially important People's Committee of a State importing company was told by a lone, disconsolate Pakistani that everyone bad been drafted.

The manpower shortage means increasing reliance on expatriate labour. This is now put st 350,000 people, equalling and in specialised areas exceeding the native workforce.

Tha combination of expensive imported labour, a restricted domestic market snd low productivity as the result of workers' takeovers of industry has cast serious doubts over the economic viability of much of Libya's projected industrial development.

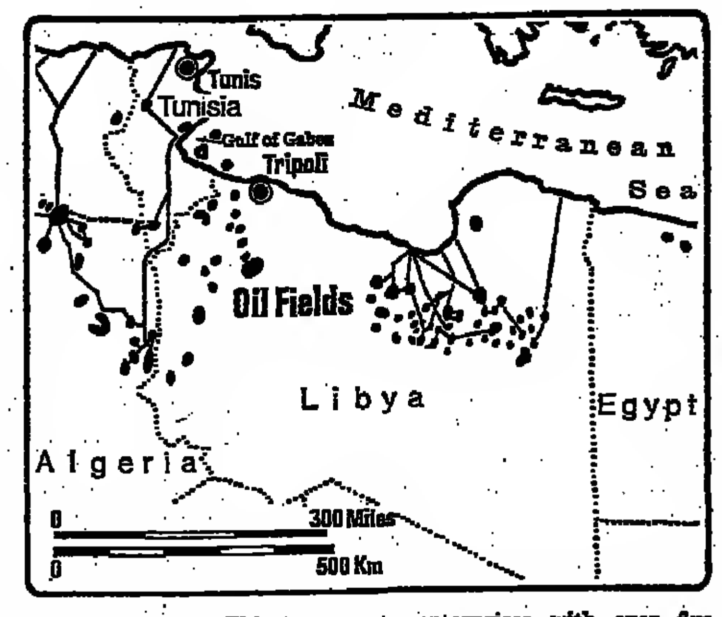
The country's exports ara uncompetitive and there may be little world demand for Libyan petrochamicals and steel. The planned Misurata steel project, for instanca, will cost $5bn including a railway and township, and is designed to he the world's ninth lsrgest steel plant. It is due to produce 7m tonnes of steel a year by the end of the century and may well prove to he a white elephant.

Tha latest shock to the Libyan economy, already beavily nationalised, has been the implementation of economic guidelines. The most drastic of these requires workers' control of industry, as laid down in part two of Col. Gsddafy's Grean Book, published in February 1978. There has heen consternation at the inevitable confusion and disruption of the economy, but while the measure applies to enterprises with over five employees, the three key sectors of oil, banking and insurance are exempt.

Socialisation of the economy is now virtually complete. Private importers have been replaced or absorbed by Stata importing companies, with the trend towards monolithic organisations. The private retail sector is being stifled, to be replaced by buge, state-owned supermarkets. Although there has been little opposition to Gaddafy's policies—most Libyans enjoy a vastly improved standard of living—the middle classes are bitter that most have received no compensation whatever for nationalisation.

For foreigners the worst psychological effect of Col. Gaddafy's measures has heen the takeover of their homes. This followed his decree that all Libyans were entitled to a bome each. Over-zealous interpretation has led to forcible takeover of expatriates' houses at gunpoint and to a drastic reduction in the amount of rented accommodation.

Both China and Australia have heen without any embassy buildings for the past 18 months, and Occidental Petroleum could only bring in 100 out of 150 workers it needed.



8 days for Rhodesia withdrawal

By Reginald Dale

BRITAIN has prepared a plan for the retrieval of its 1,300-man Rhodesia monitoring force that could go into action the minute the last ballot box is sealed on February 29. If the withdrawal is orderly, the airborne operation should be completed in eight days.

Senior British officials are confident that the lightly-armed soldiers stationed at the 14 guerrilla assembly points will not have to fight their way out of the country after tbe election. Bnt the eight-day airlift could be condensed into a much shorter time in an emergency.

A final decision on when to start the withdrawal bas not yet hecn taken. Under the Lancaster Honse agreement at least some of the troops, who are performing important administrative and medical functions in the camps, could stay until the country's independence if asked to do so by all parties.

But the likelihood is that the majority will be back in Britain within three or four days of the end of the elections. If all goes well, the plan is to assemble the entire force, with its equipment, in Salisbnry before starting the airlift.

Our Lnsaka Correspondent reports: President Kenneth Kaunda of Zambia said yesterday that he feared a South African-backed coup in Rbodesia if the former Patriotic Front parties looked like winning the election. He accused Britain of having called in several battalions of South African troops.

The President added that General Peter Walls, the Rhodesian military commander, was in more effective control of the colony than Lord Soames.

Easier S. African exchange controls likely

BY QUENTIN PEEL IN JOHANNESBURG

STEPS TO RELAX South Africa's stringent exchange control regulations are expected to be announced shortly, because of the country's huge R3bn (£1.6bn) trade surplus in the wake of the gold price rise.

Advisers to Senator Owen Horwood, the Minister of Finance, are urging that some controls be scrapped to release the liquidity building up in South African financial institutions.

The South African Reserve Bank is expected to authorisa banks to bold larger dollar deposits outside the country as a tentative first step. Further moves may follow to permit short-term inter-bank placements. However, there are differences of opinion between officials in the Reserve Bank and at the Ministry of Finance over bow quickly controls on other money movements can be relaxed.

Dr. Gerhard de Kock, special adviser to Mr. Horwood and senior deputy governor at the Reserve Bank, is pressing for early liberalisation.

"Funds are bottled up inside South Africa because of exchange control," he said yesterday. "We have to think of mopping up this liquidity. This means either freeing exchange control to allow banks to get money out of the country to build up foreign assets, or engaging in open market operations on a tremendous scale."

One action already taken by the Reserve Bank, which is clearly less enthusiastic than Dr. de Kock has been to allow third countries — Malawi is mentioned as one — to borrow trade credit in Johannesburg.

Fraser to boost defence budget

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Government has decided to increase defence expenditure significantly over the next five years, because of what it sees as the changed strategic prospects in the region.

Mr. Malcolm Fraser, the Prime Minister, told Parliament when it resumed yesterday after the 10-week summer recess, that the West was facing its most critical test since the Second World War, following the Soviet invasion of Afgbanistan.

Defence spending will be raised by at least 5.5 per cent in real terms in the 1980-81 financial year, beginning July 1, and possibly by more, if deals can be arranged for new equipment such as a fourth U.S.-made guided-missile frigate for the Royal Australian Navy.

Australia's current defence Budget, which at A$3bn (£1.5bn) — represents 2.7 per cent of Gross National Product, will be brought up to 3 per cent of GNP by 1984-85.

Immediate increases in expenditure include extra surveillance flights and naval patrolling of the Indian Ocean, supported by the training of more crews for long-range maritime patrol aircraft and by upgrading port facilities at Cockburn Sound naval hase, Western Australia. Talks will also be held on ways in which Australian forces can co-operate with those of the U.S.

Later this year a commitment will be made for the purchase of 75 new fighter aircraft to replace Mirage squadrons. Weapons systems are to be upgraded on the 20 F-111 fighters, the 20 Orion long-range maritime patrol aircraft, the three guided missile destroyers, and tha six British-made Oberon class submarines.

Koreans fail to agree on summit venue

BY RON RICHARDSON IN PANMUNJOM

DELEGATES FROM South Korea and North Korea, meeting at the border village of Panmunjom, failed to agree yestday on a venue and agenda for a proposed meeting between their respective Prima Ministars.

South Korea stuck to its earlier proposal that Geneva, or possibly another third country site, should be the venua for the first-ever government-to-government meeting of the two Korean regimes. The North's representatives insisted that meetings should take place alternatively in tha two Korean capitals of Seoul and Pyongyang.

Progress was made on five procedural points covering the conduct of the proposed meeting and the delegates agreed to meet again on March 4.

A South Korean spokesman suggestad that the issue of the venue was being used by each side to probe the intentions of the other. The South fears Pyongyang has moved away from its long-held rejection of contact with the Seoul Government in the hope of influencing the unsettled political situation in South Korea.

King Khaled: history of heart tronble

Saudi King in hospital for tests

BAHRAIN—King Khaled of Sandi Arabia was admitted to hospital in Riyadh for medical tests yesterday after feeling unwell. The official Sandi Press agency said that first tests were reassuring and satisfactory.

King Khaled has undergone open-heart surgery in the U.S. twice in the past eight years and in 1977 nnderwent a hip operation in London. Renter

AMERICAN NEWS

U.S. union leader calls fo law to protect car-maker

BY STEWART FLEMING IN NEW YORK

MR. DOUGLAS FRASER, president of the United Auto Workers' Union, has called for legislation aimed at protecting the U.S. car industry from growing foreign competition.

Briefing reporters after his visit to Japan last week, Mr. Fraser said the UAW would not be satisfied with "voluntary" controls imposed by foreign manufacturers on their own shipments to the U.S.

Instead, he said the UAW "wants firm, solid commitments," adding that the union will press for Federal legislation to require major Japanese car makers to buy a specific proportion of parts used in vehicles they sell in the U.S. from U.S. suppliers.

Last month, led by tha acceleration in the sales of smaller Japanese vehicles, imports of foreign cars into the U.S. soared by 56 per cent from a year ago, and the imports' share of the U.S. car market bit 26 per cent.

The trend contrasted sharply once again with the performance of the major U.S. manufacturers who, with the notable exception of General Motors, which reported a 3.2 per cent rise in sales and a 65 per cent market shara, reported declines of around 20 per cant in sales.

The Japanese manufacturers, who now occupy the top five places in the table of leading importers of vehicles into the U.S., have been under increasing pressure to expand their U.S. manufacturing facilities.

Last month Honda became the first of the Japanese companies to announce plans to set up a U.S. assembly line. It is proposing to build a 10,000 unit-a-month plant in Ohio at a cost of $200m.

Nissan has let it be known that it too is considering setting up a U.S. manufacturing facility and Mr. Fraser disclosed that the company's management has made "firm commitments" to him to announce a decision soon on building a new pick-up truck assembly plant in the U.S.

The Japanese companies are under increasing pressure to assemble light trucks in the U.S., partly because Treasury officials are studying a proposal to effectively increase the import duty on such vehicles from 4 per cent to 25 per cent.

How much support Mr. Fraser will he able to gather for legislation on the sourcing of parts by foreign importers is uncertain. There is a growing protectionist lobby in Washington, with the steel industry in particular again complai hitterly about alleged dum But the Carter Administra has remained committed free trade principles.

Mr. Fraser's own wel the White House is thoug have worn a little thin result of his decision to sup Senator Edward Kenne challenge for the Democ Presidential nomination weeks after the Carter Adm tration had successfully pre for legislation to help the a Chrysler Corporation.

Mr. Fraser . . . seeking s commitments

Carter underscores military readiness

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT CARTER again warned the Soviet Union yesterday that tha United States was "capable of responding to a threat to peace in any area of the world."

The President told the American Legion conference here that "a dangerous decline in defence spending" had been reversed and that the U.S. economy was capable of absorbing new defence outlays without strain.

Mr. Carter in effect acknowledged that he did not expect the Soviet Union to withdraw its troops from Afghanistan by today, the deadline he bad set for withdrawal if a U.S. hoycott of the Olympic Games in Moscow was to be avoided.

But he added that he had no intention of withdrawing his ultimatum. "That deadline is tomorrow. It will not be changed," he said.

Mr. Carter was careful to insert into his speech his commitment to the principle of keeping a lid on the nuclear arms race. "The immediate crisis," he said, "underscores the importance ef mutual constraints on nuclear weapons. Because it serves our security interesta I remain committed to the ratification of tha SALT II treaty."

But the principal thrust of his message, delivered to the former U.S. servicemen, was designed to emphasise the steps be has taken to enhance U.S. military readiness.

In the opinion of some of his critics, Mr. Carter has still not gone far enough in this direction. Specifically, some are saying that he should reconsider his decision of two years ago not to proceed with development of the B-1 supersonic bomber.

But the President maintained again that accelerated development of the Cruise missile remained a much hetter option: the Cruise, he said, would he mucb more able to penetrate Soviet defences than the B-1 bomber.

Governme upset in St. Kitts po

By Tony Cozier in Barbado

AFTER 28 years in power Labour Party in the island state of St. Kitts-i is likely to be ouated government following failure to win on ab majority in Monday's g election.

Labour, led by Mr. Moore, a 41year-old Br trained lawyer, has cla four of the nine seats i House of Assembly, People's Action Move (PAM) claimed three an Nevis Reformation retained the only two sea the island ef Nevis. In Labour won all seven sea St. Kitts.

Although the Governo Probyn Inniss, has no called on any one par form a new Government, expected that the Pe Action Movement and Nevis Reformation Party agree to a coalition head Dr. Kennedy Sim People's Action Move leader.

Turbulent start to Mexican VA

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government, which has suffered long in its efforts to extract taxes from the populace, has had a stormy first month with its new 10 per cent valne added tax (VAT), which on January 1 replaced the old 4 per cent mercantile tax.

Thousands of complaints have poured into the country's consumer protection agency. Mexico City tax drivers, renowned for their ingenuity in earning a fast peso, bave heen accused of trying to charge an axtra 10 per cent on top of regular fares, and some shopkeepers have heen billing customers for the tax on exempt articles.

Most complaints about VAT bave probably come from the large body of Mexicans accustomed to long lunches. Sharp-witted waiters are ensuring that their 10 per cant is calculated on the total bill after VAT has been added.

The introduction of VAT is part of a general overhanl and modernisation of the Mexican tax system. This year VAT should bring in at least 100bn pesos ($4.4bn) compared to 80bn pesos ($3.5bn) if the sales tax had continued.

Apart from netting more revenue for the State coffars, VAT will also make tax evasion, almost a national sport in Mexico, more difficult. VAT is charged on each stage of production, and is thus harder to doge than the old "cascading" mercantile tax.

The exact extent of tax evasion is not known, but according to the latest World Bank report on Mexico, it has been estimated that the Treasury collects less than half the reveme due to it.

The Finance Ministry has announced that VAT banditry will be punished severely. Offences like carrying a double sat of hooks can attract fines of between $1,300 and $26,000.

Many of the complaints bave been the result of the confusion among both the p and traders over what ex is or is not subject to VA

The Finance Ministry ca out an extensive adverti campaign with weighty slo like "Long Live (tax) Ch In Order to Progress," but recently has it spelled ou radio and TV what articles aubject to the tax. The issu complicated by the fact the ministry decided not make it obligatory for shop publish VAT lists.

The long list of exempt includes all non-processed f like rice and corn along meat, fish, vegetables, f eggs, newspapers, renta, lot tickets and the sale machinery used hy depressed agricultural secto

In areas bordering the where there are many in-b plants using U.S. raw mater and Mexican labour, VAT lower—6 per cent against per cent.

W. L. Luetkens in Toronto examines the Liberals' sweeping victory in the election

Trudeau wins control of a divided country

EASTERN CANADA has given Mr. Pierre Trudeau *carta blanche* to govern the country for as long as he sees fit during the five years' life of the Canadian House of Commons elected on Monday. The West rejected him and bis Libaral party even more thoroughly than it has been doing ever since the election of 1972.

That, in a nutshell, is the geography behind the return to power of the man who first became Prime Minister in 1968, in a wave of so-called "Trudeaumania," but who was narrowly ousted by Mr. Joe Clark's Progressive Conservative party last May.

At that time voters in the West returned only three Liberal MPs. One of them, ln British Columbia, lost her seat on Monday. The other two, from Manitoba, were both returned in what is still an almost exclusively agricultural province, while not one Liberal wss elected further west. As a result these provinces, with their growing wealth of oil, gaa and uranium, will barely he represented ln the new Federal Government.

For the defeated Mr. Clark, bis home state of Alberta was the great exception. All 21 constituencies there returned Progressive Conservatives. This was because Alherta stood to gain most from the intention of the Clark Government to allow the beavily subsidised price of crude oil in Canada to rise rapidly above its present level of C$14.75 (U.S.$12.69).

The East, however, voted against both dearer petrol and against Mr. Clark. He had grown in authority since becoming party leader, but in the pnblic eye had nevar made good his claim to be the man to solve the problems which proliferated under Mr. Trudeau's Premiership—growing hudget deficits, declining excbange rate, the energy crisis, inflation and slow growth.

In tbe case of Quebec another factor also came into play: French-speaking Quebecers regarded Mr. Trudeau as ona of their own.

Traditionally Liberal, they gave Mr. Trudeau's party all but one of Quebec's 74 seats so far decided.

The net result is that Mr. Trudeau, a known advocate of firm central government, is running a country of many divisions. The most dramatic (though not necessarily the deepest) rift is between Quebec and the mainly English-speaking provinces.

Mr. Rene Levesque, the Quebec Premier, intends this year to ask his voters for authority to negotiate sovereignty for his province while retsining economic union with the rest of Canada.

There is also tbe split between East and West, and the division between provinces with established manufacturing industry —primarily Ontario, but also Quebec—and the rest of the country wbich lives on agriculture, fishing, and primary industry.

Mr. Trudeau bas said that be wants to devote special interest to the West—not the first time be has undertaken to do so in his career. If tha West will not listen, the coalition which put Mr. Clark into office last May could be revived.

It consisted of the West and of a majority of English-speaking Easterners who were sick and tired of Quebec and associated the staunch Federalist and centralist Mr. Trudeau with French aspirations within Canada.

The Liberal triumph in Quebec does not mean that Mr. Levesque's Parti Quebecois provincial government is finished. Quebec often votes one way in Federal elections and another in provincial politics. Mr. Trudeau's return may even have given Mr. Levesque a better chance with his referendum because in Mr. Trudeau be bas a target to shoot at. Mr. Clark bad preferred to leave the husiness of resisting Quebec separatism to the federalists there.

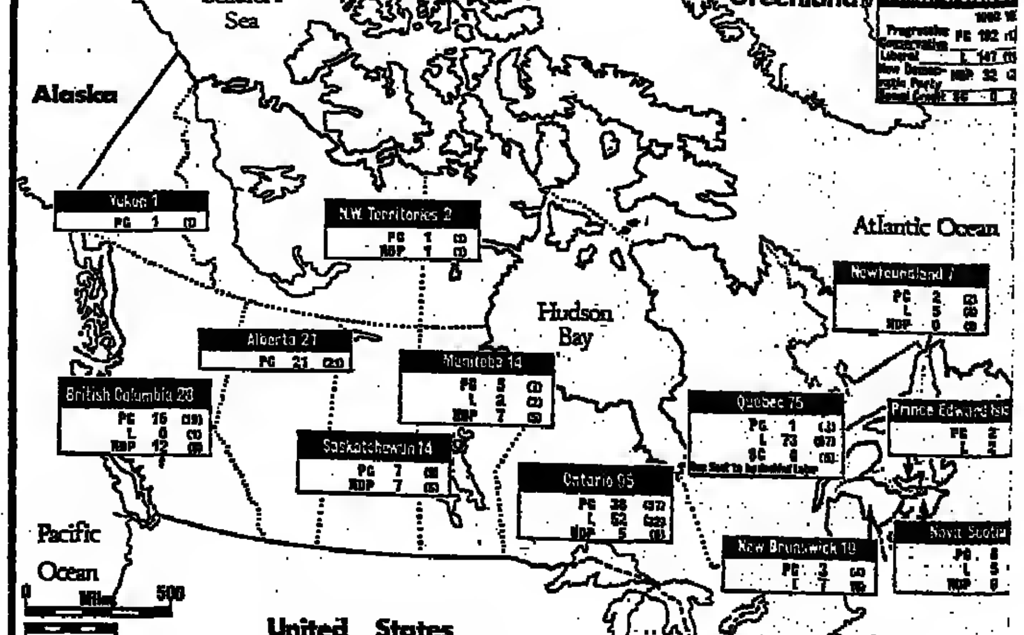
Although the business community seems largely to hava hacked the Tories, Mr. Trudeau's overall majority has prevented what business feared most — a Liberal minority propped up by the New Democrats.

Mr. Trudeau has stationed the Liberals to the left of centre, and if ha had become dependent upon the New Democrats a growing amount of interference in market forces might bave become unavoidable. As thinga stand, Mr. Trudeau conducted his campaign in such a manner as to be committed to almost nothing.

Even the issue of foreign investment wbich he raised last week was couched in the vaguest of terms. Powers already exist to forbid new foreign investment which is found not to be of benefit to Canads by the Foreign Investment Review Agency (FIRA). Mr. Trudeau proposed that FIRA should have the additional right to monitor the performance in exports and research and development of foreign-owned companies, but was careful not to propose specific new powers.

Foreign policy as such played only a tiny role in the election, but it is remsrkable that all three major parties rendered at the very least lip aarvice to increased defence spending. The Tories bad increased the defence estimates hy about 18 per cent. Mr. Trudeau, not always a friend of NATO, did at least say that be wonld bonour the undertaking given to tha alliance to raise defence spending by 3 per cent in real terms annually.

What actually happens yet to be seen. But Mr. Tru does appear to have deem right to take account of a of Canadian public op towards closing ranks with U.S. after the challenge Afghanistan.



HOW CAN WE EXPECT HIM TO LEARN WHEN WE HAVEN'T TAUGHT HIM HOW TO LISTEN.

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WORLD TRADE NEWS

Toyota to control its sales to U.S.

TOKYO — Toyota Mntors, Japan's biggest auto producer, will hold its 1980 exports to the U.S. about last year's levels and hoost prices.

The company said neither move is in direct response to American pressure to curb its penetration in the U.S. market.

A company official said yesterday that the export levels and price Increases wnuld be based entirely on production capacity, iofletlon and other economic fectors.

Mr. Eiji Toyoda, Toyota's president said in Osaka on Monday that the concern would hold its exports to the U.S. to ebout 610,000 units, the same as in 1979.

The company had said earlier it expected its 1980 exports to U.S. to "tevel off" at the same amount as in the previous year.

Industry observers said this has been Toyota's position on the controversial export question at least since the first of the year. On January 8, Mr. Nobuji Araki, the executive Vice-President said thet the company "hopes to maintain the 1979 level" of exports to the U.S.

Mr. Toyoda's comments followed the visit last week of Mr. Douglas Fraser, the bead of the U.S. United Auto Workers Union, who urged Jepanese auto makers to restrict exports and open production facilities in America.

Fraser received no commitments from Toyota and Nissan—which makes Datsun vehicles—on establishing plants in the U.S. but both companies said they would be "prudent" in their exports.

● Honda Motors of Japan plans to build a car assembly plant in Ohio within two years, Mr. Douglas Fraser, UAW president said.

He spent last week in Japan talking with the major Japanese auto companies and government officials concerning the possibility of building Japanese car plants in the U.S. He said he was told by Honda that the company hoped to build a car plant in Ohio within two years.

He quoted officials of Nissan as saying that Nissan woold build a truck plant in the U.S. some time in the future. When they do, they will buy enough land to build a car plant if the truck plant is successful, he said.

Agencies

Toyota Motor Sales targets up, Page 30

W. German ship sales decline 40%

By Roger Boyes in Bonn

WEST GERMAN marine shipyards delivered 142 vessels (432,000 gross registered tonnage), worth a total of DM 2.3bn (£575m) last year —a drop in turnover of atmost 40 per cent. But new overseas and domestic orders seem to be picking up aignificantly, thanks to high demand for freighters, container vessels and roll-off, roll-on ships.

This cautiously optimistic picture emerges from figures released in a sectoral report by the Deutsche Bank, which predicts that orders for bulk carriers could also rise because of the increase in graio, coal and ore shipments. With new orders outstripping deliveries et the end of last year, capacity use—currently about 70 per cent—is likely to improve in the coming months.

Production is expected tn rise hy about 3 per cent this year because of the improved order books. Last year's production, by contrast, wes 5 per cent down on 1978.

Tbe Bank warns that the dangers to the domestic industry come from the increase In direct and indirect subsidies to foreign sbipyards.

The West German yards, burdened by high productioo and labour costs, will meet sharpening competition from oversees producers. The strength of the Deutsche mark against lbe dollar has posed an additional problem for the yards, with most income being dollar denominated while outgoings are almost always in West German currency.

Size of world ferry fleet rises

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THERE HAS been e dramatic increase in the size of the world's fleet of roll-on/roll-off (ro-ro) freight ferries over the past few years.

In terms of tonnage, 60 per cent of the world fleet bas been built over the past three years. The fleet will be expanded by another third once freight ferries on nrder are delivered.

The growth in the size of tbe pure freight ferry fleet coincides with slower growth rate nf tbe passenger/car ferry fleet—the ships which pioneered the ro-ro revolutinn. Because of increasing specialisation many of them are being replaced by ferries which carry nothing but freight.

According to figures published in the Fairplay Guide to Ro-Ro Shipping, 1980, there are 942 ships totalling 6.6m dwt in the world fleet. There are a further 483 passenger/car ferries, aggregating 2.7m gross registered tons.

There are anotber 211 ro-ro ferries on order (2.0m dwt) end 63 passenger/car ferries (0.6m gross tons).

Fairplay says that one of tbe most important reasons for the tremandous growth of the ro-ro fleet in recent years has been the ship's flexibility and suitability for servicing markets in the early stages of develpomeot before they are containerised. Ro-ro ships were brought on to the Middle East rontes initially to relieve congestion brought about by the import boom of the mid-1970s. South America, the Indian sub-continent and East Africa are the next areas likely to be penetrated by ro-ro ferries, the report concludes.

The Fairplay Guide to Ro-Ro Shipping 1980. Price £30 UK. £32 Overseas. Fairplay Publications, 52-54, Southwark Street, London SE1.

JBE wins orders worth £21m

BY RAY PERMAN, SCOTTISH CORRESPONDENT

JOHN BROWN ENGINEERING yesterday announced UK and export orders for gas turbines worth £21m, and is in line for a furtber £7.4m cootract to supply engines to Sri Lanka.

The Clydebank company bad a poor year in 1979, wben world demand for gas turbines dropped by 10 per cent on the previous 12 months.

JBE took in only £22m in new work, and bed to make 460 men redundant in December.

But the good start to 1980 and the promising numher of inquiries now being received have given the company confidence to go ahead with the advance buitding of a number of turbines, including e new 100 MW model, whicb will be tha largest in its range.

Last year the rise in the UK inflation rate and the higher value of sterling, perticularly against the U.S. dollar, made JBE less competitive internationally. In Middle- and Far-Eastern markets, there was intense competition from U.S. manufacturers, who were compensating fnr a fall in their domestic demand.

But the company bas secured en £8.5m follow-on order for five 25 MW generating sets for tbe Aluminium Bahrain power station, to which it bas already supplied 19 units.

JBE bas also won contracts for tbree 25 MW generating sets for BP's Magnus oil field, bringing the total number of platform-mounted units supplied by the company for Nortb Sea fields, to 29.

Reports from Colombo also indicate that the company will be awarded a £7.4m contract to supply three turbines to the Sri Lanka State electricity board, but no confirmation has yet been received.

CGE in joint S. Africa venture

BY BERNARD SIMON IN JOHANNESBURG

CGE, THE FRENCH electrical eogineering group, bas set up a joint veoture with Altecb, South Africa's largest electronics supplier, to make electronic digital telephone systems for the South African Post Office. ITT has a minority stake in Altech.

The joint company, to be known as Telecommunication Technnlogies (Tel Tech), expects to supply about R60m (£31.85m) worth of equipment a year tn the Post Office in terms of two 15-year contracts, one of which has already been signed, and the other due to be concluded next week.

Italians sell £150m plant to China and India

By Rupert Cornwell in Rome

ITALIAN companies yesterday announced major orders in India and China for power stations and chemical plants, worth in all $350m (£150m).

In India, Ansaldo-AMN, a subsidiary of the Finmeccanica group, recently entrusted with overall responsibility for Italy's delayed nuclear power station programme, has won a $150m contract to build a 600 MW coal-fired station in Ramagundam in the state of Andhra Pradesh.

The order has been placed by tho National Thermal Power Corporation of New Delhi. Work on the project, which consists of three 200 MW units, will take four years.

Financing for the deal bas been nrganised by the World Bank, and is part of an overall Indian Government programme to instal 18,000 MW of new electricity generating capacity.

Meanwhile ACTIP, tha international engineering and planning subsidiary of Bastogi Holdings, has won e $200m nrder tn design and build a complex of seven petrochemical plants near Peking. The order has been placed by the Yan Shan Petrochemical General nf Peking.

Anglo-Turkish chamber aims to cut red tape

By David Tonge

AN ANGLO-TURKISH Chamber of Commerce and Industry is being set np in London. The initiative comes as Turkey is seeking to attract foreign investment through changes in legislation.

Mr. Yuksel Soylemez, the Turkish Consul General, said yesterday in London that a working group was now drawing np the statutes of the new chamber which would cover business in Northern Cyprus, as well as Turkey and the UK. It aims to fecilitate investors and do away with the bureaucratic problems which bave discouraged many businessmen.

In the first ten months of 1979 UK exports to Turkey totalled £77.3m ($177m) while UK imports were £34.5m ($79m). Exports were 6.4 per cent higher than in the same period of 1978 bnt imports were 19 per cent lower.

The British Export Credits Guarantee Department is still off cover to Turkey as a result of its failure to make the foreign exchange transfers to cover Imports guaranteed by the ECGD.

UK synthetic fibre exports up

BY RHYS DAVID

BRITAIN'S men-made fibre industry, which yesterday won limited EEC protection from cheap U.S. fibre imports, last year increased its own exports to nearly 50 per cent of output.

The industry, which has been under severe pressure in the home market as a result of the decline in domestic textile production and increased direct and indirect fibre imports sold 282,290 tonnes nf fibre overseas. This was 6.3 per cent more than in 1978 and 17 per cent more than two years ago. The export proportion of tntal deliveries rose to 47.8 per cent, compared with 43.6 per cent in 1978 according to figures pnblished by the Britisb Man-made Fibres' Federation.

The export figures represent a relatively bright spot in a generally poor year for the industry. Total deliveries in 1979 at 690,030 tonnes were down 3 per cent on 1978 end production at 596,310 tonnes was down 2 per cent on the previous year. The main cause was a relatively poor fourth quarter during which production dropped by 7.4 per cent over the same period a year earlier.

The production figure of around 600,000 tnnnes for each of the last two years also has to be compared with the peak figure of 728,000 tonnes in 1973, the year of the last major textile boom.

The 1979 figures also reveal that filament yarn—the sectnr in which the Americans have concentrated their export effort —declined still further as a proportion of total UK output. Its share, which stood at 43 per cent in 1977, was down to 38.7 per cent. Cellulosic man-made fibres—based on wood-pulp—have also staged a comeback against synthetics—the oil-based products. The proportion taken by synthetics was down to 64 per cent compared with 67 per cent in 1978. The cellulosics have become more competitive again as a result of the rise in oil prices.

Customs valuation

TOKYO ROUND CODES

BY BRIJ KHINDARIA IN GENEVA

The Tokyo Round code on customs valuation goes a long way towards ironing out some of the difficulties in this area between the EEC and the U.S. while meeting certain Third World demands.

Under previous GATT rules each country was free to decida the criteria it nsed to calculata the value of imported goods for customs purposes wben there was doubt abont the value stated in the invoice.

The earlier rules also allowed countries with customs legislation dating before GATT was coocluded in 1948 not to alter their legislation to conform with GATT requirements. As a result governments developed a wide variety of customs valuation techniques, including the "American selling price" method.

The main problem between the EEC and U.S. arose from tbis customs valuation system used by the U.S. Administration. Under the American Selling Price system the amount of customs duty was calculated on the basis of the selling price in the U.S. of an identical or similar product manufactured in tho U.S. rather than on the Invoiced import price. The Tokyo Round code pnts an end to this system as it does the previous U.S. "Wine gallon" method of assessing customs duties and internal excise taxes on imports of distilled spirit.

Under this system, which brought protests from Scottish end Irisb whisky exporters as well as European cognac, rum and other spirits exporters, dnty and taxes were charged on bottle capacity rather than alcohol content. To escape this assessment more and more spirits were imported into the U.S. in bulk and then bottled in the U.S. This, foreign suppliers claimed, protected the U.S. bottling industry at the expense of bottlers elsewhere while U.S. consumers who wanted to buy, for instance, Scotch whisky bottled in Scotland had to pay unnecessarily high prices.

The new code will bring more uniformity to customs valuation methods of signatory countries. The aim as stated by the GATT Secretariat is "to provide for a fair, uniform and netural system for the valuation of goods for customs purposes that precludes the use of arbitrary or fictitious customs values and which conforms to customs realities."

The code, wbich interprets and clarifies Article VII of the General Agreement on Tariffs and Trade (GATT) lays down five methods nf custnms valuation which must be used in sequence—if the first method does not provide the correct value for customs purposes the second method must be used and so on.

Under the first method customs anthorities would accept tbe value stated on the Invoice as being the price actually paid after adjusting for commissions, packaging and similar costs.

If there is no invoice or there is doubt ebout its authenticity, customs officials must take as the starting point the transactinn value of identical goods sold under fully competitive conditions to the same country at about the same time.

If this method cannot be used the next one provides for assessment on the basis of the transaction value of similar goods. If all three of these methods cannot be used then customs authorities mey choose between either of two furthar systems.

Under the first the customs value wonld be calculated starting from the price at whicb the imported product will be sold and subtracting all expenses linked to its sale.

The fifth method is to calculate "a computed value" which consists of material and manufacturing costs, profits and general expenses for the goods being valued. Using this method will be difficult if the producer cannot or does not wish to provide the information needed for the calculation.

When all five methods cannot be used then the customs value will be determined by "reasonable means consistent with the principles of GATT end its Article VII on the basis of data available in the importing country."

The codo allows developing countries not to apply its provisions for up to 10 years. It also permits them to demand proof from an exporter, especially lf it is a multinational company, that the value stated on the invoice is the real cost price rather than the value of an identical product made by a subsidiary In a lower cost Tbird Wnrld country.

Although negotiations for the code are complete it will not come imo force until January 1 next year because participating countries must first make the necessary changes to their existing domestic rules.

Both the U.S. and the EEC have signed the code but reserve the right to withdraw if Japan does not. The Japanese Government is still uncertain because it must get approval from tbe Diet (Parliament) whicb does not meet until later this spring.

Canada has signed the code but it will not be applied until January 1, 1985 because the Canadians want certain changes in other GATT provisions which could influence customs valuation. The Canadians are also currently negotiating the tariff cuts to be applied bilaterally with the U.S. and do not want to enforce new customs valuation methods before the tariff levels have been agreed. These negotiations could be concluded in about two years, in which case the Canadians would then apply the custom valuation code's provisions before 1985.

FINANCIAL HIGHLIGHTS

FIRST CITY NATIONAL BANK OF HOUSTON

Financial Position (In Thousands)	December 31 1979	1978
Total assets	$ 6,196,695	$ 5,219,914
Deposits	4,783,904	4,099,699
Loans, net	2,787,384	2,278,810
Shareholder's equity	264,498	236,965

FIRST CITY BANCORPORATION OF TEXAS, INC.

Financial Position (In Thousands)	December 31 1979	1978
Total assets	$ 9,504,717	$ 8,112,842
Deposits	7,597,333	6,559,516
Loans, net	4,497,802	3,803,004
Shareholders' equity	449,438	389,281

Operating Results	For the Year Ended December 31 1979	1978
Income before securities transactions	$70,045,000	$56,944,000
Per share	5.46	4.55
Net income	68,478,000	55,487,000
Per share	5.34	4.43

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The changes are small. But they're real enough. And sadly most are not changes for the better.

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20 years ago, our living standard was one of the highest in Europe.

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The British customer is just about the only one in the world who actually seems to prefer to buy a foreign product, rather than one made at home.

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ISSUED MAINLY IN THE INTERESTS OF BL BUT ALSO ON BEHALF OF BRITISH MANUFACTURING INDUSTRY.

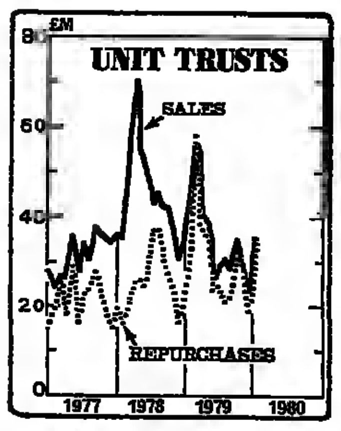
Credit squeeze hits Trusts

BY TIM DICKSON

UNIT TRUSTS got off to a disappointing start in 1980, judging by sales figures released yesterday by the Unit Trust Association.

New sales in January at £35.5m were the highest since last May but repurchases (nnits cashed in) were also high at £34.36m, leaving net new investment of only £1.13m.

January's results continue a pattern established in the second half of 1979 of unexciting monthly sales often virtually wiped out by disappointingly high repur-



chases. In March and November last year units cashed in actually exceeded new sales, an ontcome only averted in January this year through the initial launches of four new unit trusts which between them brought in something approaching £5m.

"In the present climate of high interest rates and high return prodncts I am not surprised by these results," Mr. Chnlmeley Messer, chairman nf the Unit Trust Association commented yesterday.

"Sales are reasonable though I would like to see them higher while the level of repurchases is undoubtedly disappointing. I would attribute this both to the credit squeeze, which has left many investors short of cash, and to some of the unhelpful Press comment which the movement has had recently."

Nonetheless Mr. Messer remains optimistic that the position will improve in 1980.

Five sites in South West considered for nuclear plant

BY MAURICE SAMUELSON

FIVE POTENTIAL sites for a nuclear power station in Cornwall or Dorset were named yesterday by the Central Electricity Generating Board.

Investigations of the sites will start in the spring, and are expected to be completad within two years. They are in some of Britain's most attractive countryside, and are likely to arouse strong objections from the environmentalist lobby.

If it is unable to build a nuclear station at any of the sites, the CEGB proposes to put a coal-fired station near Plymonth, at a site originally acquired for an oil-fired station. Another propoaal would be to link the area by a new 90-mile transmission line to other parts of the national grid.

CEGB officials noted that the environmental problems caused by a new coal-fired station would be far worse than those of nuclear plants, as strong south westerly winds would blow the emissions into the centre of Plymouth. The nuclear power stations already in the region enjoyed good relations with local inhabitants, the officials said.

Two of the proposed nuclear sites in Cornwall are at Gwithian and Nancekuke on the north coast, and the third is inland at Bugle, near St. Austell.

The two Dorset aites are at Winfrith Heath, where there is already e nuclear power station, and at Herbury, in agricultural land dasignated as being of outstanding heauty, and near Cbesil Beach, the nine-mile ridge of pebbles stretching from Portland to Abbotsbury.

Announcing the proposed sites, the CEGB said the Government bed already agreed with the need to order at least one new nuclear power station a year in the decade from 1982.

The site for a coal-powered plant would be et Inswork Point, near Plymouth, originally ecquired for an nil-fired station, bnt for which the Labour Government withheld approval two years ago on grounds of netional energy policy. The site does not meet Government criterie for e nnclear power station, and will be reassessed as e possible site for e coal-fired power station, with coal delivered by sea.

The CEGB says it hopes to select a site for a power station which would safeguard electricity supplies in the South West peninsule while keeping the need for building transmission lines to a minimum.

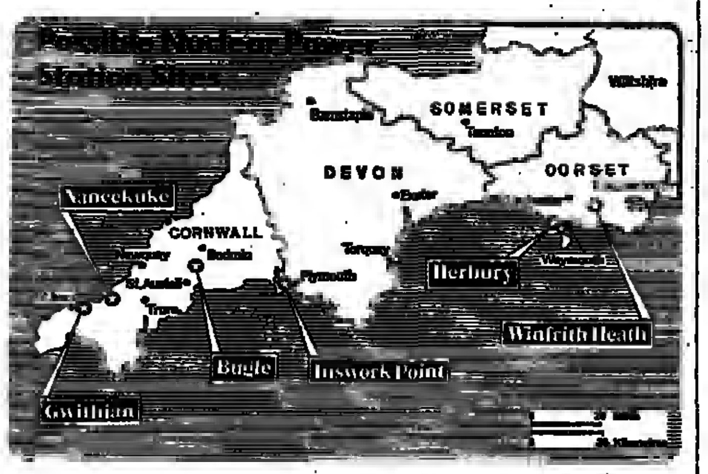
In addition, it will consider the future role of the sites of three small and ageing power stations—the oil-fired stations at Plymouth and Poole, and the coal-fired station at East Yelland, near Barnstaple.

The board promised to consult local authorities, including county councils, and said it would welcome the views of other interests and the public.

Although only one new power station in the Sonth West is being proposed at present, Mr. Mike Gammon, of the CEGB's planning department, said that if more than one site proved to be suitable on technical and environmental grounds, "we would seek to acquire that for the longer term."

There are three nuclear power stations in the area. In Somerset, there is Hinkley Point "A," an early Magnox type, opened in 1965; and Hinkley Point "B," an advanced gas-cooled reactnr (AGR), which has been operating since 1976. The other is at Winfrith Heath, Dorset.

Total peak demand in the area during the winter of 1978-79 was more than 2200MW. In recent years, it has been growing faster than the national average peak demand.



Public relations 'affect waste plans'

BY IAN BREACH

A SENIOR SCOTTISH Civil Servant admitted yesterday that "non-geological factors" bave been considered hy Government departments in the search for suitabla sites to store the irradiated wastes from nuclear power plants.

Yesterday was the first day of the public inquiry at Ayr at which the United Kingdom Atomic Energy Authority is apealing against local authority refusal to grant plenning permission for test-drilling et Mullwarchar Hill, near Loch Doon in south-west Scotland. Mr. William Scott, Under-Secretary et the Scottish Development Department, which acts as the agent for the Scottish Office, said public relation played e significant part in determining nnclear waste disposal policy.

"To take it to its absurd level, you wouldn't drill in the centre of a city," be said.

Asked if that would be the case even if conditions were geologically appropriate for burying treated nnclear waste, Mr. Scott replied that in e city there would be problems of disrupting sub-surface facilities and of generating "complaints about noise, and so on."

The Government's ettitude remeined flexible, he said. Nn decision had been taken on the disposal of highly radio-active wastes underground. It would be at least e decade before sites were chosen, if they were, beneath mainland Britain.

Sites already designeted included one at Altnabreac, near Caithness, from where drilling reports are being analysed, and in the Cheviots where planning permission has been refused by Northumberland County Council.

The objections in Ayr stem mainly from two district councils—Kyle and Carrick, and Cumnock and Doon. But opposition, unlike at Windscale three years' ago, also comes from MPs from the main parties. George Foulkes, Labour MP for Sonth Ayrshire, Tory MPs Michael Ancram, Edinburgh South (who represents Scotland on the House of Commons Energy Committee) and Ian Lang, Galloway, all oppose either the test drilling or the terms of the inquiry, which precludes discussion of nuclear expansion and energy policies generally.

Mrs. Brende Carson, branch organiser for the SNP, called the inquiry "an expensive farce," but promises that the party's lawyers will be there

In evidence, Mr. Scott said research on land was part of a wider programme dealing with the possible storage of classified nuclear wastes on or beneath the ocean beds. Thet programme may well be elaborated today in expert testimony submitted on behalf of the UKAEA.

The inquiry is chaired hy Mr. Wililam Campbell (known in Scotland as a "reporter"), who led the inquiry in Orkney two years ago into whether uranium can be mined in the islands.

Plan to simplify '16-plus'

By Michael Dixon, Education Correspondent

GOVERNMENT MOVES to develop a simplified system of 16-plus examinations, with GCE Ordinary levels as its main "quality-control," were announced yesterday by Mr. Mark Carlisle, Secretary for Education and Science.

The plan, to substitute a single examining system for the present overlapping combination of O levels and the "less academic" Certificate of Secondary Education, will depend on general agreement among the various educational interests. The Government hopes to introdnce the change in five to seven years.

No name has yet been chosen for the replacement system, which will have seven pass grades. Of these, the top three will remain under the control of the GCE examining Boards, and so will equate with the present three Ordinary-level pass grades (A to C).

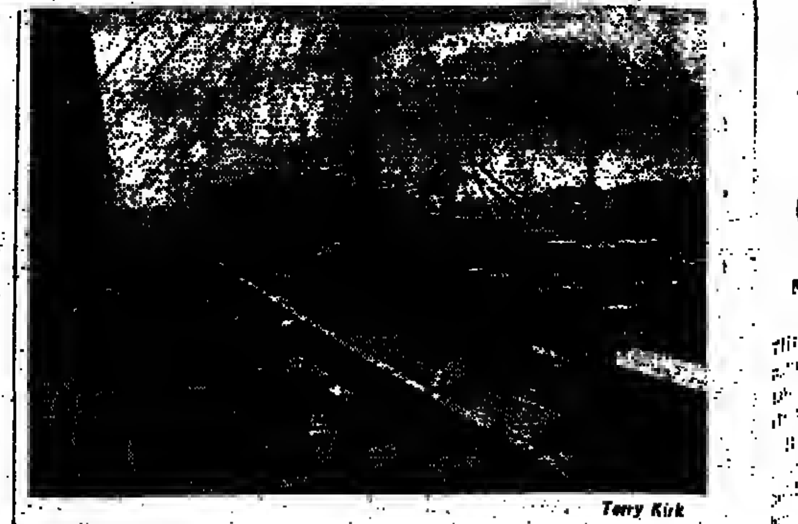
The remaining four grades will be broadly equivalent to the present CSE grades two to six.

In most subjects there will be a choice of pepers of varying difficulty, with the award of the highest grades restricted to candidetes who take the hardest. Wherever possible, however, all pupils will take at least nne common paper.

The eight GCE examining boards are being asked to collaborate with their 13 counterparts for the CSE exams in drawing up natinnal criteria by which the new system can be made more compact.

The aim is to rednce the 30,000 different 16-plus exam syllabuses by about half. The Government is also hoping eventually to persuade the 21 different exam boards to merge into abont five joint bodies, each with an element drawn from the GCE sector and another from CSE.

Attempts will also be made te make the award of the exam grades et least partly dependent on the attainment nf specific levels of knowledge er skill in subjects, instead of nn how well or badly a particular candidate performs by comparison with the other entrants.



Terry Kirk

"Bobbers" unload a catch. They are among 5,000 Hull workers who face redundancy if the docks close.

Hull fish docks facing closure

BY RICHARD MOONEY

HULL, traditionally Europe's major fishing port, may bave landed its last load of fish.

The Fishing Vessel Owners' Association, which provides dockside services at the port, announced yesterday that it had ceased trading. An extraordinary meeting of the association will be held on March 7, when a resolution will he put that it should go into voluntary liquidation. Mr. R. K. Dalton, the associetion's secretary, said he was confident the resolution would be passed.

Without dockside services such as unloading, dry-docking and engineering facilities, the port could not operate. It is now up to the British Transport Docks Board, which owns the dock, to decido whether it should be shut down altogether. The board chairman will meet the vessel owners' president today to examine possibilities for keeping the port going, but no one seems optimistic.

"It is virtually inconceivable that anything cen be done to save the port," the British Fishing Federation said yesterday. The association could no longer pay the £120,000 a month rent charged by the board, which was required to run the port as a viable operation.

Only about 20,000 tonnes of fish were expected to be landed this year. So the association was forced to raise its wharfage charge to £51 e tonne, compared with about £6 at other commercial ports. Not surprisingly, trawler owners objected and resigned from the essocietion.

Only a massive injection of public funds could keep the port alive now. Given Tory policy on "lame ducks," it is unlikely to be forthcoming.

"We are not expecting any lifelines," the Fishing Federation said.

Hull's dependence on distant weter-vessels sucb as freezer trawlers, has been its downfall. It is this sector of the industry which has suffered most from loss of eccess to Icelendic and other waters following the general switch to 200-mile national limits.

But Mr. Dalton said the port could have survived if the Government had taken e less stringent attitude to EEC fishing regulations. "We heve abided by the letter of EEC law, while our EEC partners have done just the opposite," he complained.

He also thought the Government should heve provided finance to keep the dock going.

The association announced on Monday that it had leid off its 113 "bobbers"—dockers who unload fish—and the federation estimated that between 3,000 and 5,000 people could lose their jobs if the port ceases operations altogether.

Mr. Peter Walker, Agriculture and Fisheries Minister, said yesterday that he regretted the latest developments at Hull. He said he was considering measures to alleviate British fishing industry difficulties.

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Councils respond to call for borrowing over longer term

BY DAVID MARSH

LOCAL AUTHORITIES are raising funds on a longer-term basis in response to a Government request that they rednce their reliance on shorter-term borrowing.

Statistics released yesterday by the Chartered Institute of Public Finance and Accountancy show that only 18.4 per cent of local authority debt outstanding on March 31 last year was dne to mature within one year. This compares with a proportion of 28.2 per cent two years ago wben the Government and local authorities worked ont a code of practice to lengthen the maturity structure of outstanding debt.

The share of debt to be repaid during the fifth year of borrowings has increased to 12.3 per cent from 7.6 per cent.

Total local euthority debt on March 31, including capital fund advances, stood at £34.85bn. This was a rise of £1.73bn, compared with the previous year, of which changes in definitions accounted for £375m.

Housing sites, building and mortgage loans represented 67.7 per cent of the total, with education debt comprising 12 per cent and highways 4 per cent.

The total debt per bead of the population last Marcb was eqnivalent to £641. The Greeter London Council was by far the biggest borrower, with a debt per head of £238. At the other end of the scale, Durham, Salop and West Sussex had all built np borrowings per head of less than £60.

Government statistics for the current financial year, which are less complete than the Institute's figures, show that local government new borrowing totalled £937m during April to September last year, three times the 1978 figure.

Figures for borrowing in the fourth quarter of last year by the total pnblic sector—central end local government as well as public corporations—are due to he published tomorrow. Higher than planned local anthority borrowing is one of the reasons why the Treasury expects that the pnblic sector borrowing requirement for the current financial year will be nearer £9bn than the £8.3bn target.

Ford aims for 32% of UK market

BY JOHN GRIFFITHS

FORD intends to take 32 per cent of the UK car market this year and a higher proportion of sales will he of domestically produced, rather than imported vehicles, Sir Terry Beckett, Ford UK's chairman, said yesterday.

The company plans shortly to introduce a second shift to raise production of the Fiesta at Dagenham from 70 to abont 170 e day. The best-selling Cortina is already produced on a two-shift basis et Dagenham, but Sir Terry said scope existed for its output also to be increased.

The third boost to Ford UK's production should come in the autumn, wben Halewood switches over to making the new front-wheel drive Escort (known as the Erike during its development phase).

Ford's expected market share increase is from 28.3 per cent last year, when it sold 485,559 cars in the UK. But because of the market's expected shrinkage from a record 1.71m units to 1½m this year, Fnrd expects its actnal sales volume to stay roughly unchanged.

Last year just under 50 per cent of sales were of cars from European plants. However, to some extent this was eccounted for by the effects of the lengthy strike in late 1978 which left Ford UK very short of domestic-produced models earlier in the year.

While Ford has seen considerable improvement in its record on disputes, Sir Terry yesterday remained critical of prodnctivity in Ford's UK factories.

Work in some areas was taking 60 per cent to 90 per cent longer than in its European plants, he declared. "We are not making the progress we should be in productivity—it is sheer intransigence to change."

HJB Plastics cuts workforce

By Suo Cameron, Chemicals Correspondent

HJB PLASTICS, part of the Courtaulds group, is planning to cut the workforce at its Leicester factory by half, with the loss of 128 jobs.

The company, which makes prioted and unprinted plastic bags and peckaging film, said rising costs and weak prices were tha main reasons for its decision to cut jobs and production capacity.

HJB, a subsidiary of British Cellopbane in which Courtaulds bas a 75 per cent interest, had decided thet to maintain viability it would be necessary to reduce production and to concentrate on e smaller range of more specialised prodncts.

More oil companies raise wholesale petrol prices

BY SUE CAMERON

MOST oil companies have followed the lead set by Esso and Shell and increased the wholesale prices of their petrol by between 2.6p and 2.9p per gallon.

BP Oil, National Benzole, Mobil, Texaco and Total rises will take effect from the start of business today. The increases would normally mean an extra 3p or 4p per gallon at the pumps. Bnt amid growing fears of a petrol war, it is expected that many dealers will he forced to absorb part of the costs.

If petrol stations do pass on the full increase, average prices are expected to reach about 125p.

The companies said the increases were necessary because of the rise in the price of North Sea and Organisation of Petroleum Exporting Countries' crude oil. Saudi Arabia and Kuwait have both increased their crude prices by $2 a harrel to $26 and $27.50 a barrel respectively. North Sea oil has just risen in price by $4 a barrel, making the price of Forties Field marker crude $33.75 a barrel.

Dan-Air bid to offset fare rises

By Lynton McLain

Dan-Air, the independent airline owned by Davies end Newman, plans to offer business trevellers the chance tn take wives or husbands on domestic flights at balf the full fare from April.

Similar schemes are operated by airlines, including British Airways, in Europe. But Dan-Air said yesterday that it was tbe first to offer "spouse fares" for UK flights.

Prospective users would book flights as a married couple but would not be expected to sbow that they were *bona fide* business trevellers.

The proposal is one of e series of fares changes sought by tha airline in applications to the Civil Aviation Authority.
mechine 44 —— 8 on 8½ ——

The object is to counter the fares increases which airlines expect to introduce in the summer to match rising fuel prices.

Other proposals inclnde a "supersaver" fare for all domestic routes to replace the advance - purchase excursion fare.

Requirement to book a month in advance would be dropped, but passengers would have to stay away for a Saturday night.

The other main proposal is for a "latesaver" stand-by ticket, en the London-Newcestle service only, and costing £22 single against £39.50 for the full fare single.

SDLP accuses Government

By Our Belfast Correspondent

LEADERS OF the Social Democratic and Labour Party, the main Roman Catholic grouping in Northern Ireland, met Mr. Humphrey Atkins, the Ulster Secretary, egain yesterday for another rouod of "parallel talks" which enabled the parties to bring up issues ruled out of the agenda for the constitutional conference.

The SDLP presented a document on cross-border cooperation with the Dublin Government in which it eccused the British Government of dragging its feet.

Suspicions that the Government, and in particular Northern Ireland civil servants, did not support cross border cooperation were well founded, it alleged, saying that "a recent report for the economic and social committee of the EEC suggests that civil servants ere less enthusiastic about implementing the cross border programme than ebout other regional development projects."

High interest cuts credit card lending

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE MAJOR credit card companies have suffered a sharp fall in consumer demand for credit since Christmas.

Barclaycard, the leading UK credit card with nearly 5m card holders, last month suffered its biggest-ever monthly fall in lending to consumers. The amount of outstanding debt in January was some £15m lower than in the previous month. Although Barclaycard does not reveal its moothly leoding figures, the amount lent to consumers last year totalled about £500m.

At the same time, the Government's attempts to restrict the money supply have led Barclaycard to stop granting personal loans under its Masterloan scheme and to scrap planned advertising—worth about £1m—which might have increased demand for credit.

Access, the main credit card rival to Barclaycard, has also been hit by the fall in demand for credit since Christmas. It has also decided to cut back on its television advertising to restrict demand for credit, in line with Government economic policy.

Both Barclaycard and Access have *decided it would be* prudent to restrict advertising so as not to generate fresh demand for credit, rather than face possibly tighter Government controls on their lending ability.

The basic problem for credit card companies is that consumers are becoming reluctant to pay a true annual interest rate of 30 per cent or more. Analysis has shown that the pre-Budget buying spree last summer—and the late surge in Christmas spending — were largely financed by credit cards.

Thus card holders, now facing large mortgage repayments and other price rises, are having to service their existing debt rather than take on new commitments.

No spree

The sharp fall in the amount lent to consumers since Christmas means retailers can derive little hope of a recovery in spending led by the greater use of credit cards.

Some retailers were even suggesting yesterday that if credit remains difficult to obtain in the next few months—and if consumers are financially streched just to service higher borrowings — then the traditional pre-Budget buying spree this year mayf ail to materialise.

Access, however, is seeking to increase its outlet through experimental schemes for supermarkets to accept Access cards for payment of both food and non-food items. Both Tesco and the Asda superstores group are carrying out trial schemes in a few stores of the benefits of accepting Access cards.

Previously credit card companies and supermarkets had both been reluctant to allow the use of credit cards for food sales. They feared that bad debts on food might behigher than normal, but tests have shown that the bad debt ratio is no higher on food sales.

Although supermarket groups are still committed to providing their own "in-store" credit cards—which can be used only at a particular retailer—the move to accept Access cards as well *suggests that the floating* consumer is also being wooed.

The credit card companies also face a longer-term threat in the Monopolies and Mergers Commission probe into credit cards. It is suggested that it may recommend that retailers should be allowed automatically to offer lower prices for cash *sales* as distinct from *sales* through credit cards.

Oil exports to EEC 'expected to rise'

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil producers are expected to step up exports to Britain's Common Market partners, Mr. David Howell, Energy Secretary, said yesterday.

Lamenting the fact that the UK contribution to European Community energy supplies had not been fully recognised, Mr. Howell said that Britain was leading the way in both fuel production and moderate pricing.

He told the Fuel Luncheon Club in London that last year the UK sent over half its oil exports to Community partners. These exports accounted for about 28 per cent of Britain's total North Sea production — more than double the level in 1978. "We expect the amount to continue to grow as our production builds up."

Mr. Howell said the economies of EEC members and countries in the International Energy Agency had *also benefited* from the moderate pricing of UK oil producers.

"We are Europe's leading energy producer; one of Europe's biggest energy investors. It is odd to hear overseas criticism for a performance which is one of Europe's best, especially when we have such a legacy of relative industrial weakness to overcome. We are doing very well indeed."

Mr. Howell's remarks were aimed in particular at France and Germany, which have been critical of the prices being charged for North Sea oil. The British National Oil Corporation and other major producers have just set a new level of prices based on a reference base of oil from the Forties Field of $33.75 a barrel—somewhat lower than rates being charged for competitive oil by Nigeria, Libya and Algeria.

"The moderation shown by BNOC, and other companies operating in Britain, in setting North Sea oil prices is an important calming factor in the forces shaping the world oil market," Mr. Howell said.

Even so, it must be recognised that the days of "cheap and easy" energy had gone. Realism about pricing was essential although the Government must provide financial help to those in need.

● Mr. *Howell told* the Commons the Government planned to provide a further £7m to the widows of miners who died from pneumoconiosis. It is estimated that up to 15,000 widows will receive *additional* lump *sums of* between £300 and £450.

Real spending cuts not feasible, Pliatzky warns

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DIFFICULTY of achieving a significant reduction in public expenditure was highlighted yesterday by Sir Leo Pliatzky, the former Treasury official generally credited with bringing spending under tighter control in 1976-77.

Sir Leo, who was Permanent *Secretary at the Department* of Trade for two years before his retirement last year, discussed the prospects for public spending at a seminar organised by stockbrokers Hedderwick Sterling Grumbar and Co.

He said that, after excluding financial items, "it was hardly feasible for the Government to *show fresh reductions of* £2bn or anything like it in the coming 1980-81 financial year, especially if it is not in a position to take credit for a major reduction in the UK's contributions to the EEC Budget. It seems unlikely that the Government will have any assurance on this by March."

Looking further ahead, "the strategy of stabilising total expenditure appears no easier, and securing an absolute reduction still looks rather painful. Our obligations on defence and to the EEC are likely to become increasingly onerous unless a change is made."

Sir Leo's comments under*line the problems faced by the* Government in reducing public spending below current levels in real terms after the decision to revise the plans for 1980-81 in last November's White Paper.

He pointed out, for example, that "a generalised cash limit squeeze, and a war on waste, will not produce enough savings to finance significant further tax *reductions*."

He raised the question of whether it was "right to express the strategy in terms of stabilising or reducing public expenditure, rather than in terms of containing the borrowing requirement which would leave a little more room both for financial and political judgment."

Sir Leo noted the prospect that for the second year running an attempt will be made to use cash limits so as to apply a generalised squeeze on a wide range of public expenditure programmes. He said there could be problems in adjusting, especially for those departments *whose expenditure is primarily* on manpower.

Sir Leo stressed the difficulty of even stabilising public expenditure because within the total some programmes have been expected to grow. These are defence, EEC contributions, law and order and social security.

"*Therefore overall* stability means that savings have to be found in other programmes, either by cutting expenditure or raising charges. Since the four programmes listed above account for over £30bn (at constant 1979 survey prices), the programmes from which savings have to be found total only £40bn on the same price basis. The incidence of these savings is particularly hard on a range of programmes carried out by local authorities including education and the personal social services.

"To go beyond stabilising total expenditure, and to effect an absolute reduction in real terms, will obviously be that much more painful and difficult."

Container trade soars at Bristol

CONTAINER TRAFFIC through Bristol's Royal Portbury Dock container terminal is set to have doubled in its second full year of operation, ending March 31.

Swift, the terminal manager, says the single-berth terminal—operated by the Port of Bristol Authority — will reach or exceed the 22,000-container marks for its second year. This compares with 11,000 units in the year to April, 1979.

Ombudsman receives 40% fewer complaints by MPs

BY ELAINE WILLIAMS

THE NUMBER of complaints referred by MPs to the Parliamentary Ombudsman—the Commissioner for Administration—in 1979 was 758, the lowest figure for six years.

In his annual report published yesterday Mr. Cecil Clothier QC, the Ombudsman, said the number of complaints was 40 per cent below that in 1978, which was a record year for complaints. This was partly because of changes in the law which reduced the likelihood of grievances.

In 1979 only 27 per cent of complaints were accepted for investigation, compared with 25 per cent in 1978. Many were rejected because they were outside the Ombudsman's jurisdiction, but 35 per cent were improperly referred.

Of the 223 investigations completed in 1979 the highest number of complaints upheld by the Ombudsman was against the Department of Health and Social Security and the Inland Revenue. Of the 85 cases involving the DHSS, 57 were upheld. Of 52 complaints against the Inland Revenue, 30 were upheld.

The Ombudsman criticised some MPs for failing to refer complaints to him. "Perhaps they do not yet see my office as an investigative service at their disposal ready to their hand for the pursuit and defeat of injustice," the report states.

One of the main problems which confronted the Ombudsman during his first year of office was the extent of his powers to apply and interpret the law.

Bed prices reduced to spur demand

BY JAMES McDONALD

SLUMBERLAND—the bedmaking subsidiary of the Duport group and among the top five British manufacturers in size—is reducing prices to its stockists by up to 25 per cent.

Slumberland produces more than 250,000 divan sets a year in a price range "from mid-market upwards," said Mr. David Wright, the managing director, yesterday. He hoped stockists would pass the reductions on to the consumer to "help stimulate sales."

The company had been able to make the reductions without loss of quality mainly because of long-term advance buying of raw materials and the agreement of major suppliers to hold their prices steady for the spring buying season.

There was also built-in ability to increase output at the company's Oldham factory to meet the expected extra demand.

Asked if the bedding market was sluggish Mr. Wright said: "Sales of most consumer goods are not lively at present. But the decision really stems from meetings we had with our stockists last August and September. It was decided then that trade this year would be even more competitive and that value for money should be the 1980 slogan."

Bed sales were usually at their peak at Easter and Whitsun and then again during October and Novemoer.

Trust to protect heritage

THE Greater London Council has set up a trust to help preserve London's historic buildings.

The council has made an initial grant of £50,000 and promised another £50,000 in the next five years to match other donations to the trust.

The new body, called the Heritage of London Trust, will be largely independent of the council. It will make grants to property owners to help them with restoration and maintenance. The trust may also buy listed buildings which are in need of repair, renovate and sell them. This is a function not normally undertaken by local antherities.

Details of the trust are given in a report to be presented at today's meeting of the GLC's planning and communications policy committee.

'Squat' vase fetches surprise £26,000

SALEROOM

BY ANTONY THORNCROFT

THE SALEROOM experts have nodded once again. In a minor sale of Islamic and Asian works of art yesterday at Christie's Lot 203 was described as a glass vase, with a squat bulbous body and a tall tapering neck. It was estimated at £200-£300.

It sold for £26,000, plus the 11.5 per cent buyer's premium, to the Walton Street dealers Sheppard and Cooper.

They had recognised it for what it was — a 13th-century Islamic rarity, made in Damascus or Aleppo, of which only ten similar vases are recorded.

Spink was also aware of its value and was the under-bidder. Sheppard and Cooper, bidding on behalf of a Swiss client, was prepared to go up to £30,000 to secure the item, and even if Christie's has some egg on its face, at least it had a delighted vendor and a handsome commission and premium on the sale.

Elsewhere at Christie's, Weiner paid £2,000 for a Pala grey stone stele of the 12th century, and the same sum secured an Ottoman silver inlaid metal armband.

A Fabergé square rhodonite desk clock, 2 in. high, was bought by Blenheim for £1,200, while a pair of silhouettes by Jacob Spornberg, dated Bath 1792, sold for £1,000.

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TWA

BL management plea to workers

BY ARTHUR SMITH

MR. RAY HORROCKS, managing director of BL Cars, issued a personal appeal to Longbridge workers last night to speak up against strike action at today's mass meeting.

Union leaders will urge the 18,000 strong work force to strike to secure the reinstatement of Mr. Derek Robinson, the dismissed convener.

Mr. Horrocks expressed concern that the issue of Mr. Robinson's dismissal, a matter between the company and the Amalgamated Union of Engineering Workers, had been widened to involve other unions.

He said: "It is generally recognised that the AUEW members at Longbridge are not prepared to support strike action. It now appears there is a danger that the AUEW may lose control of the situation, and there is a risk their members' views will not be properly heard."

The company offered to allow the meeting to be held within the factory gates, "to prevent any intimidation or infiltration." This was rejected by the unions, who opted for their traditional venue, a nearby park, instead.

Mr. Horrocks said there was a groundswell of opinion at Longbridge by employees who wanted to work. "Austin Morris cannot face an extended strike at Longbridge over this or any other issue. A decision to strike is likely to determine the future of Austin Morris as a whole."

The company said it was convinced that it would be wrong to re-employ someone with Mr. Robinson's record of behaviour. No one at Longbridge needed reminding of that performance record at the plant during the period in which Mr. Robinson was the convener.

Mr. Horrocks added: "Performance since his dismissal has been excellent. During a lengthy tour of Longbridge yesterday I was told time and time again by the workforce how proud they were of their current performance."

Joint fight against Stansted

TWO COUNTY Councils are joining forces to fight the threat of Stansted being developed as London's third airport.

Hertfordshire and Essex are holding meetings with MPs who will mount opposition at Parliamentary level.

The two authorities argue that Stansted is unsuitable on planning grounds, both local and regional, for development to the scale required for an international airport.

Pay talks at London docks resume

By Nick Garnett, Labour Staff

UNIONS AND EMPLOYERS involved in the strike at the London enclosed docks resumed full pay negotiations yesterday on the basis of arbitration proposals earlier in the day.

Members of the National Amalgamated Stevedores and Dockers have been on strike for more than a week in the enclosed docks over a 12 per cent pay offer.

About 200 members in private container terminals and riverside wharves have come out in sympathy.

Members of the Transport and General Workers' Union have refused to cross picket lines.

● Workers at Wallsend slipway ship repairers imposed an overtime ban yesterday to force British Shipbuilders into early negotiations over the future of the Tyneside yard, due to go on to a "care and maintenance" basis at the end of this month.

Mr. Walter Hagen, of the joint shop stewards' committee, said the 280 men there decided to act because the employers "forced our hands."

A meeting between yard representatives and management was planned for last week, but British Shipbuilders postponed it till the end of this month, when a 90-day consultative period expired.

White-collar group faces holidays row

BY PAULINE CLARK, LABOUR STAFF

UNION LEADERS of white-collar workers in the engineering industry are preparing for a possible clash with employers over claims for longer holidays.

Members of TASS, the clerical section of the Amalgamated Union of Engineering Workers, are being urged to mount a "strong" union campaign against any move by employers to limit improvements in working conditions, especially holidays, in local pay bargaining.

The union was reacting to what the Engineering Employers' Federation described yesterday as its recent "general letter of advice" warning its 6,500 members against awarding improvements in working conditions which "would act against their long-term interests."

These include maintaining holiday differentials between clerical and manual workers.

The union claims in its latest newsheet that "such whittling away of differentials in conditions is the EEF's method of holding down the conditions of both group's.

"The erosion of differences in basic conditions would take away springboards for improvement at present available to both groups."

It says that in one industrial area of the country a local employers' association has called for a limit of 25 day's holiday for both clerical and manual workers by 1983, and no holiday increases thereafter.

The employers' federation says its aim is to see harmonisation of working conditions between manual and clerical workers in the next few years.

Its circular said that if holiday differentials were not maintained, by 1983 manual workers' holidays would have been "harmonised" with 90 per cent of clerical staff in 93 per cent of member-companies.

If the differentials were maintained it would make future harmonisation of holidays more costly and more difficult.

The employers want differentials dealt with by salary, and not by conditions of employment subject to harmonisation pressures.

Car removal cost increase

BIG RISES in the bill for removing illegally parked cars from Britain's roads come into effect on March 11, Mr. Norman Fowler, Transport Minister, announced yesterday.

Motorists whose cars cause obstruction or danger on London roads will pay £29, up £7 on the current charge. Elsewhere, the bill for removal will be £2 lower at £27. But when a car is moved from a motorway it will cost the owner £30—up £6.

Water authorities to improve offer

BY PHILIP BASSETT, LABOUR STAFF

WATER authority employers will put an improved pay offer tomorrow to leaders of 33,000 manual workers in the supply and sewerage industry after informal talks earlier this week between union officials and the National Water Council.

The outline of tomorrow's offer was put to officials of the four unions involved in the industry by Sir Robert Marshall, chairman of the council, and Mr. Jimmy Dickens, the acting employers' side secretary, at exploratory talks on pay on Monday night.

The talks were set up after an employers' side meeting last week and a similar meeting of the four unions' national officials, which drew together a common approach on pay after the surprise rejection earlier last week of the recommended 19.2 per cent pay package by delegates from the majority union in the industry, the General and Municipal Workers'.

In the light of the expected unanimity of the membership responses in the four unions to the 19.2 per cent, the water council recognises it will have to improve the offer. When it tables a bigger package tomorrow, though, it will make it clear that it has reached the end of the road on pay for this round.

The first and most likely option stemming from the informal talks is to backdate a payment covering a joint comparability report on pay and conditions between water workers and those in the gas and electricity supply industries from its operative date under the 19.2 per cent package of February 1 this year to December of last year, the water workers' annual settlement date.

This would increase the cost on the industry's wages bill of the payment from 6 per cent, or £8.4m, to 7.2 per cent, or about £10m, taking the overall size of the package to 20.4 per cent.

The package could be further improved, though, by about another 1 per cent if the 13.2 per cent of the rest of the original 19.2 per cent package were paid on top of the new rates resulting from the 7.2 per cent comparability payment.

This would take the overall size of the package to about 21.4 per cent, or just under £30m on the wages bill, giving an overall improvement on the present offer of about 2.2 per cent or about £2.8m.

The second major option is to make the £5 broad-banded efficiency supplement agreed as part of last year's deal enhancable for bonus and other payments, while still maintaining it in its present form of essentially an attendance allowance. This would improve the stand-by and call-out payments which provoked anger at the GMWU delegates' conference.

Strike will end hope of saving jobs, miners told

BY ROBIN REEVES, WELSH CORRESPONDENT

A LAST-DITCH APPEAL to 28,000 Welsh miners not to go ahead with an all-out strike against the threatened rundown in the Welsh coal and steel industries was issued yesterday by Mr. Philip Weekes, the National Coal Board's South Wales director.

Mr. Weekes was speaking on the eve of the miners' delegate conference in Porthcawl today, which is expected to endorse a call from the South Wales executive to join the steel workers' strike in protest at the threat of major redundancies in both industries. The stoppage will probably start next Monday.

Mr. Weekes said that if the strike went ahead, "it will completely counteract the major efforts being made to save a large part of the market for coking coal. Our chances could be damaged irrevocably."

The recent decision to make £22m available from central Coal Board funds to support domestic coking coal has safeguarded 1.25m tonnes of South Wales sales to the British Steel Corporation and some 5,000 miners' jobs. The area had also just secured a new contract to supply 150,000 tonnes a year to the Aberthaw Cement Company.

"We are discussing ways and means of diverting coking coal into other markets to ensure we save pits and jobs. I earnestly urge South Wales miners not to damage these objectives, but to give us all a fighting chance," said Mr. Weekes.

Today's conference is due to be attended by steel workers' representatives from Port Talbot and Llanwern, where the Steel Corporation, as part of its crisis package, wants to halve production to 2.75m tonnes, creating 11,300 redundancies.

Port Talbot's strike committee has pledged that it will continue the strike, even if the pay issue is settled, until it establishes job security. A similar recommendation has been made by Llanwern's strike committee.

Although South Wales miners accept that the £22m subsidy has eased the pressure on some jobs, the leadership is unimpressed. Colliery closures are still threatened by the steel rundown and earlier BSC imported coking coal contracts. The National Union of Mineworkers' official policy is to oppose vigorously all pit closures except where reserves are exhausted.

Manchester Steel extends shutdown

FINANCIAL TIMES REPORTER

THE MANAGEMENT of Manchester Steel, which is said to be losing about £50,000 a day during the BSC strike, announced last night that production would not recommence today, as planned, after a two-day shutdown.

This followed discussions with their ISTC shop stewards, who reported back on talks held in London with general secretary, Mr. Bill Sirs, on the problems affecting Manchester's biggest privately-owned steel firm.

Both the men and the management fear the Norwegian-owned plant will lose vital orders to the Sheerness steel works where employees are working normally in defiance of union instructions.

All police leave in Kent has been cancelled for an expected invasion by 1,000 flying pickets at Sheerness Steelworks today.

Mr. Michael Gibson, Kent's Assistant Chief Constable (Operations), said outside the privately-owned Sheerness Steel plant today: "I do not presuppose there is going to be any violence. All we want to do is play it cool."

About 100 flying pickets yesterday descended on the private steel works at Bidston, near Birkenhead, but failed to halt production. Most of the pickets turned up after the day-shift workers had arrived. Only a couple of workers refused to pass the handful of pickets who were at the main gate before dawn.

Union members from Britain's biggest can-maker—where half the workforce has been laid off by the steel strike—lobbied the TUC yesterday with a demand to be allowed to work.

Five coachloads of workers from the Metal Box Company at Neath, West Glamorgan, marched through London's Great Russell Street to TUC headquarters carrying placards and chanting "We want to work."

Sir Richard Marsh, chairman of the British Iron and Steel Consumers Council, representing companies with a total workforce of more than four million, said the dispute was providing foreign competitors "with footholds in markets which have been ours."

Joint trade union council chairman Mr. Brian Milford said: "This is the fourth time we've been here to put our demands. But it appears they are being ignored."

Union attacks Sir Derek

MRS. THATCHER'S special adviser on the elimination of Government waste, was accused yesterday of damaging industrial relations in the Civil Service.

The Society of Civil and Public Servants said that Sir Derek Rayner is producing reports on pet projects and getting ministerial decisions before recognised unions are given a chance to comment.

"The problem is all the more serious because in his enthusiasm Sir Derek is creating idiocies out of ignorance," said the union.

"His proposal to pay social security benefits through banks has threatened the very existence of thousands of rural post offices and created a major Tory backbench revolt.

"He has managed to push through the closure of Government retraining centres, even in areas where training is going to be vital in the wake of steel closures.

"His supposed concern for efficiency cloaks the reality of his work which is simply to cut the Civil Service."

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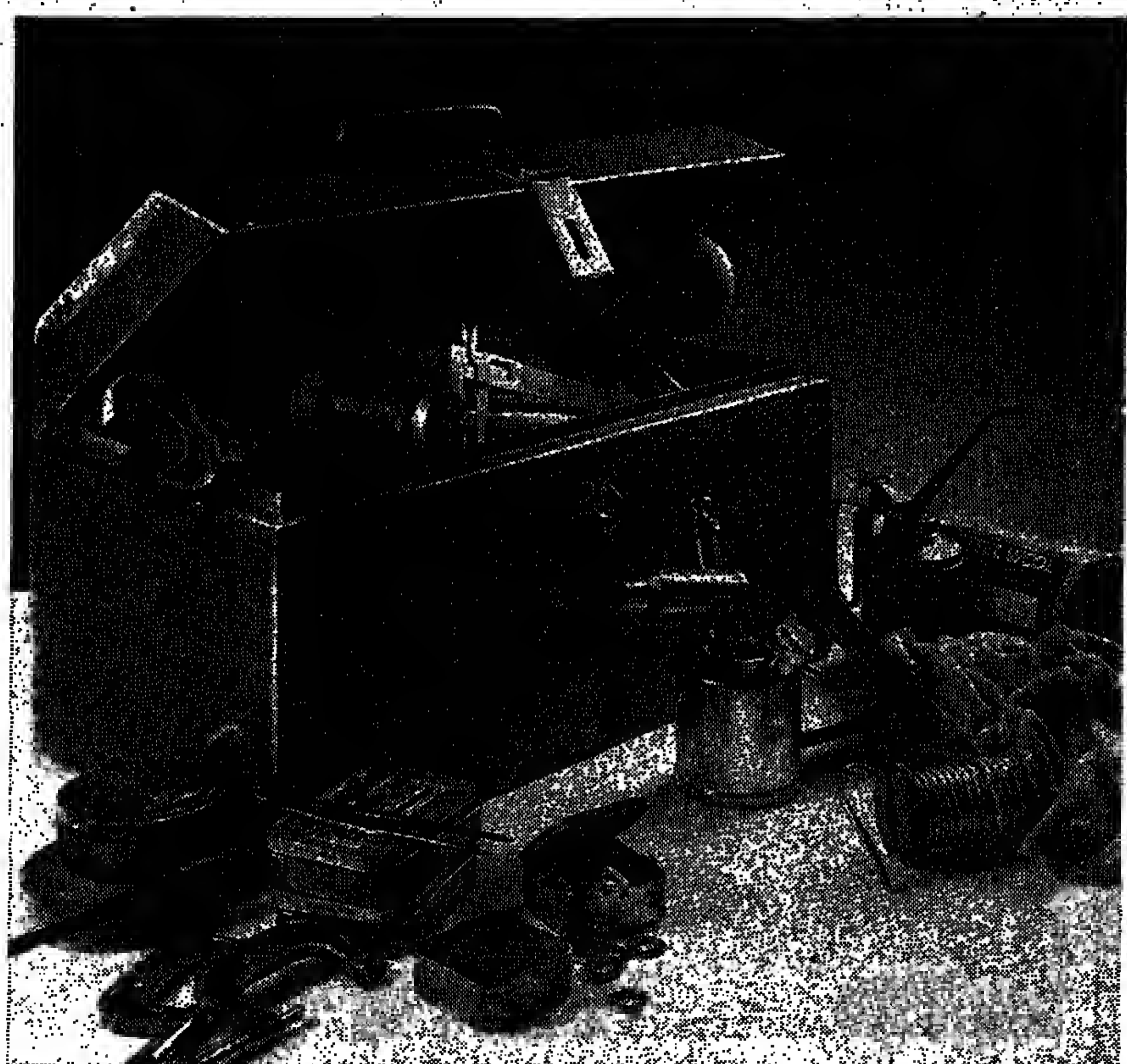

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Yet advanced aerodynamics are only part of the story. There are other highly significant contributory factors such as VariPower steering. Unlike conventional power steering, VariPower becomes firmer as you increase speed, providing an absolute sense of stability and security. Furthermore it prevents the wheels from being deflected by stones or irregularities in the road surface.

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UK NEWS — PARLIAMENT and POLITICS

Picket numbers 'main issue'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

CHIEF CONSTABLES are to meet the Home Secretary today to discuss enforcement of the criminal law on picketing, Sir Michael Havers, Attorney General, told the Commons yesterday.

He was also pressed to make changes in the Public Order Act. 1936, to give the police stronger powers to deal with picketing along the lines suggested by Sir David McNee, Metropolitan Police Commissioner.

Sir Michael said he had discussed this with the Home Secretary, who had undertaken a review of the Act and was considering publishing a consultative document on it in the context of picketing.

The Attorney General made a statement to the House outlining in detail the present criminal law on picketing in the light of the scenes end allegations of intimidation at Hadfields' steel works in Sheffield.

He made it clear to the House that the central issue was the numbers involved in picketing. Too often it was turned into a demonstration. Lawful picketing did not need a hundred or a thousand people. If, in fact five hundred or a thousand were involved, then, in his view, that constituted a demonstration.

The lengthy exchanges ended with a clash between the Attorney General and Mr. James Callaghan, leader of the Opposition, following Tory accusations that the Labour frontbench had failed to support the police and had not condemned illegal picketing.

Mr. Callaghan declared that there was no disposition on the Labour side of the House to criticise the police. They had the support of the Opposition in this "very difficult area."

If the police had shown restraint in dealing with picketing, it was because they recognised the difficulty in trying to administer the law concerning large bodies of men who—rightly or wrongly—felt indignant and gathered together to express their views.

If the rule of law was being put in jeopardy and the police placed in an impossible position, then the Government had a duty to deal with the fundamental issue of resolving the steel strike.

There was a responsibility on the Government to intervene and bring both sides together instead of just scratching at the question of picketing.

But Sir Michael maintained that the police would have been helped if Mr. Callaghan and his colleagues had empasised the duties and obligations of pickets.

In calling for Government intervention, he thought that Mr. Callaghan was really saying that the Government must surrender.

Returning to the attack, Mr. Callaghan pointed out that the last Labour Government had drawn up picketing guide lines with the TUC and that he had re-empbasised the need to observe them.

It had to be part of a much wider contract with the unions. If the Government wanted the support of the unions, then they should not be "shown the door at Number 10 and shut outside." They bed to be consulted on economic and financial matters.

"The Prime Minister is failing to show a proper sense of responsibility in this matter," he declared.

In his statement Sir Michael emphasised that it was the function of the law to protect the right of employers and employees to go about their business and decide for themselves whether they wanted to work.

"If we let go of that principle then we risk abandoning the rule of law and risk surrender to the rule of violence." he warned.

It appeared, however, that his statement failed to allay fears amongst many Tory beckbenchers. They emphasised that it was one thing to define the law and another for the police to carry it out in circumstances of violent mass picketing.

Mr. Eldon Griffiths (C., Bury St. Edmunds), Parliamentary adviser to the Police Federation, told the Attorney General: "Far too often the police are caught between their duty to uphold the right to picket and the right of the public to go about their business in peace. The police are frequently being placed in a quite impossible situation."

The Attorney General assured him that this would be one of the matters raised at the Home Office meeting today.

Mr. Anthony Kershaw (C., Stroud), complained that it was quite intolerable that people were getting away with what had heen termed "legal intimidation." He urged the Attorney General to remind his colleagues in the Government that something must he done about it.

Sir Michael was asked to comment on a situation where busloads of pickets were assembled and driven to a site in such numbers that disorder was bound to arise.

He said if hundreds of pickets were involved "it may he a matter of conspiring to incite or something of that sort."

CALLAGHAN: "The Prime Minister is failing to show a proper sense of responsibility."

Havers' statement

Sir Michael Havers, Attorney-General, yesterday told the Commons:

"The recent events outside the private steel firms have renewed public anxiety about the law on picketing end intimidation.

"I must emphasise that the law on picketing does not, in any real way, change the criminal law and, in no way diminishes the rules which govern public order.

"The criminal law of the land applies to pickets as it does to anybody else.

"Let there be no illusion that the immunity provided under the civil law enables pickets to break the criminal law.

"Peaceful picketing in contemplation or furtherance of a trade dispute is lawful so long as it is the honest belief of those involved that their action will advance the interests of those in dispute.

"This does not mean that the freedom to picket is a licence to obstruct or intimidate—the law permits picketing *solely* for the purpose of peacefully obtaining or communicating information or of peacefully persuading another person to work or not to work.

"The immunity from civil proceedings given by Section 15 of the Trade Union and Labour Relation Act 1974 does not extend to any wrongful act such as violence, or threats of violence or similar intimidation—whether by excessive numbers of pickets or otherwise or molestation amounting to a civil wrong.

"In these circumstances it may be open to the employer on his own behalf or on that of his workforce to take action in the civil courts. In addition the criminal law is perfectly clear. Each of us has the right to go about our daily work or pleasure free from interference by anybody else...

"The freedom to picket does not confer or imply any right to stop vehicles—still less do pickets have the right to stop people going about their lawful business. Pickets have no right to link arms or otherwise prevent access to the place they are picketing. This is not a new situation; the present law was made clear by my predecessor on January 25 last year and by my noble and learned friend, Lord Rawlinson in 1972 when he was Attorney General.

"If pickets by sheer numbers seek to stop people going to work or delivering or collecting goods they are not protected by the law since their purpose is to obstruct rather than persuade...

"So far as excessive numbers are concerned the Courts have recognised that the police may limit the number of pickets in any one place where they have reasonable cause to fear disorder. In my view this includes, in the appropriate case, not only asking some of those present to leave but also preventing others from joining the pickets.

"The enforcement of the law is and must remain a matter for the police and the courts. I recognise the difficult task chief officers of the police have in deciding how order can best be maintained. So as to ensure that ordinary people can exercise their own rights it is the function of the law to protect the rights of people, employers and employees—to go about their daily business, to work or not to work, and to make their own decisions whether to exercise those rights.

"If we let go of that principle then we risk abandoning the rule of law and risk surrender to the rule of violence. . . ."

Villiers' authority 'not undermined'

By Philip Rawstorne

MRS. Margaret Thatcher yesterday confirmed that the Government was seeking a replacement for Sir Charles Villiers, chairman of the British Steel Corporation.

But the Prime Minister strongly rejected charges that the moves were undermining his authority in handling the steel strike.

"I have every confidence in him," she told the Commons.

Mr. James Callaghan questioned the Prime Minister about reports that the Government was seeking a leading U.S. businessman to run BSC.

"This is a remarkable way to deal with the industry at a time when the chairman and other directors are in negotiations, to tell the workers that the chairman is going to be sacked in a short while," he declared.

"The only fault of Sir Charles, and Mr. Bob Scholey, chief executive, was that they had been "too zealous in carrying out Government policy," Mr. Callaghan suggested.

Mrs. Thatcher, pointed out that Sir Charles would end his term of office later this year, retorted: "We would be culpable if we were not already looking for a possible replacement."

Sir Charles's position should not be undermined, Mrs. Thatcher agreed. "He and the trade union leaders have a job to do in settling the dispute. I have every confidence in him to do so."

Mr. Callaghan argued that the leaking of stories about the search for a new BSC chairman must undermine Sir Charles's position.

Which Minister had been responsible for the leak? he demanded.

Mrs. Thatcher repeated that there was no question of undermining Sir Charles's authority.

"I express my confidence in him and hope he and the steel unions get together to sort out the strike."

Replying to Mr. Callaghan's demands that the Government should intervene to decide the size of the industry, Mrs. Thatcher said that this was the responsibility of BSC's management.

"We have not so far interfered . . . we have not interfered with their decision," she said.

Jenkin averts Tory MPs' benefits payment revolt

BY IVOR OWEN

ASSURANCES that Britain's networks of sub-post offices will be safeguarded if a more economic system of paying social security benefits is introduced quelled a threatened Tory revolt in the Commons last night.

While emphasising that no decisions had yet been taken, Mr. Patrick Jenkin, the Social Services Secretary, heavily underlined the scope for reducing the current annual bill of £750m incurred in making 1bn payments to 18m people and their dependants a year.

He revealed that means of achieving savings of up to £50m a year, at current prices, had been identified by Sir Derek Rayner, joint-managing director of Marks and Spencer, who has been called in by the Prime Minister to spotlight areas where the Government machine can be made more economic and efficient.

Tory backbenchers whose anxiety over the effect of changes in the existing system of payment on sub-post offices, particularly in rural areas, led to the threat of a revolt, were clearly pacified by his pledge that there would be no precipitated action by the Government.

"There is no question of early reform and no question of a fait accompli and no question of trying to do anything by stealth," Mr. Jenkin declared.

Labour leaders were accused by Mr. Adam Butler, Minister of State for Industry, of political opportunism in trying to exploit the genuine anxiety felt on the Tory backbenches over the future of sub-post offices.

An Opposition motion, recognising the importance of the sub post office network in the life of urban and rural communities, and declaring against any moves by the Government which would weaken the system of weekly payments to pensioners, mothers and other benefit recipients was defeated by 317 votes to 269, e Government majority 48.

Mr. Jenkin, who emphasised that it might take five years to fully achieve the £50m a year savings identified by Sir Derek, warned thet to accept the Labour motion would be to be impose too rigid e limit on the action open to the Government.

In pointing to the attractions of making greater use of the banks for social security payments he reminded the House that half the population now used ordinary bank accounts with a cheque book.

Altogether some three-quarters of the population had access either to a cheque account or some other form of account, savings bank or building society.

The annual cost of making payments weekly by order was about £10 a year while a direct credit through the bank would cost £2 a year.

Mr. Stanley Orme, Labour spokesman on Social Security, argued that any move to cut the frequency of benefit payments would be "absolutely wrong at this time when people are really struggling."

Mr. Butler said the range of options under consideration for providing new business for the sub-post offices to compensate for any loss they suffered through a change in Social Security payments included the possibility of using them for the sale of Government stock.

The possibility of changing existing legislation to enable sub-post offices to deal as agents for bills of the nationalised industries was also being examined.

Left-wing gives inquiry evidence

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR'S COMMISSION of inquiry was yesterday presented with the first body of evidence to support the views of the Left.

The Labour Parliamentary Association, which represents Labour MPs and candidates, and, unlike the Parliamentary Labour Party, is dominated by the Left, argued for changes which for the most part are likely to be the direct opposite of what the PLP will call for in its evidence to the commission.

The LPA supported both the concept of "automatic reselection" of MPs and the national executive's view that the manifesto should be written by the national executive rather than drawn up by the shadow Cabinet and only afterwards endorsed by the executive. In the same way, it argued against any change in the existing composition of the NEC.

The association also supported the Left's demands for changing the way in which the party leader is elected. But it raised the question of whether one leader was really necessary.

"Assuming that the Party accepts that a specific leader is necessary or desirable," it said, "we support the concept of an electoral college to elect the leader."

Half the places on this electoral college would go to affiliated organisations, like trade unions and socialist societies.

The LPA also raised what for most Labour MPs is a distinctly unpleasant possibility of former Labour MPs standing as independents in the next election and defeating official Labour Party candidates. The membership o fthe PLP should be confined to MPs who are individual members of the Labour Party.

Thatcher writes to athletes

By Elinor Goodman

THE Prime Minister wrote to the British Olympic Association yesterday urging them to put freedom first by turning down the invitation to the Moscow Games.

The BOA, which has indicated it is very unsympathetic to Mrs. Thatcher's boycott ideas, is to make its final decision at a meeting on March 4.

Yesterday's letter to Sir Dennis Follows, the association's chairman, was also sent to the heads of all governing bodies sending athletes to the summer Olympics, presumably in the hope that some will argue against going to Moscow at the crucial meeting on March 4.

The Government has no power to prevent athletes going to the Soviet Union but last week Mrs. Thatcher appealed directly to them not to go.

THE GOVERNMENT WORKING PAPER ON SECONDARY INDUSTRIAL ACTION

Prior aims to restore common law rights and curb immunities

THE GOVERNMENT'S working paper on secondary industrial action, published yesterday, says:

Secondary industrial action in furtherance of a trade dispute can severely curtail the freedom of people who are not concerned in the dispute to carry on their business and for that purpose to have free access to or from their place of work and to their customers and suppliers. Those so damaged are barred from exercising their normal rights to seek redress in the courts against such interference by the immunities given to those pursuing industrial action by the Trade Union and Labour Relations Act 1974 (TULRA) as amended by the Trade Union and Labour Relations (Amendment) Act 1976

The Government have the law on immunities under review. They have already consulted on the appropriate limitation of the immunities in relation to secondary picketing and have made provision for this in Clause 14 of the Employment Bill. In the Government's view recent interpretation and application of the law, notably by the House of Lords in the case of *Express Newspapers v. MacShane*, demonstrate the need for immediate amendment also of the law on immunities as it applies to other secondary industrial action, such as blacking.

Statutory provision

It is Section 13 of the 1974 Act (as amended by the 1976 Act) which provides immunity for a person from being sued for acts done in contemplation or *furtherance of a trade dispute* which induce or threaten a breach of contract. This is of great importance to trade unionists, because almost any industrial action involves a person, usually a trade union official, inducing others to break their contracts of employment; and without some immunity in respect of that such a person would be at risk of being sued every time he called or threatened a strike. It is, however, of equally great importance to everyone else, because the effect of the immunity is to *remove from those persons who are damaged by that action the right that they would otherwise have to obtain from the court such redress as may be appropriate to the damage being suffered.*

The practical effect of the operation of the immunity should be made clear. First, people who sue union officials for inducing breaches of contract are not usually concerned with getting damages. They want the action complained of stopped at once by an order from the court. It is unusual for legal proceedings to be pursued to e final order for damages. Even if damages are sought, there is a duty in law to do all that reasonably can be done to mitigate the loss that has been suffered and damages will be awarded only for loss which could not reasonably have been avoided. Secondly, the courts will not normally grant an injunction or interdict unless serious loss is being suffered which cannot be compensated for in money.

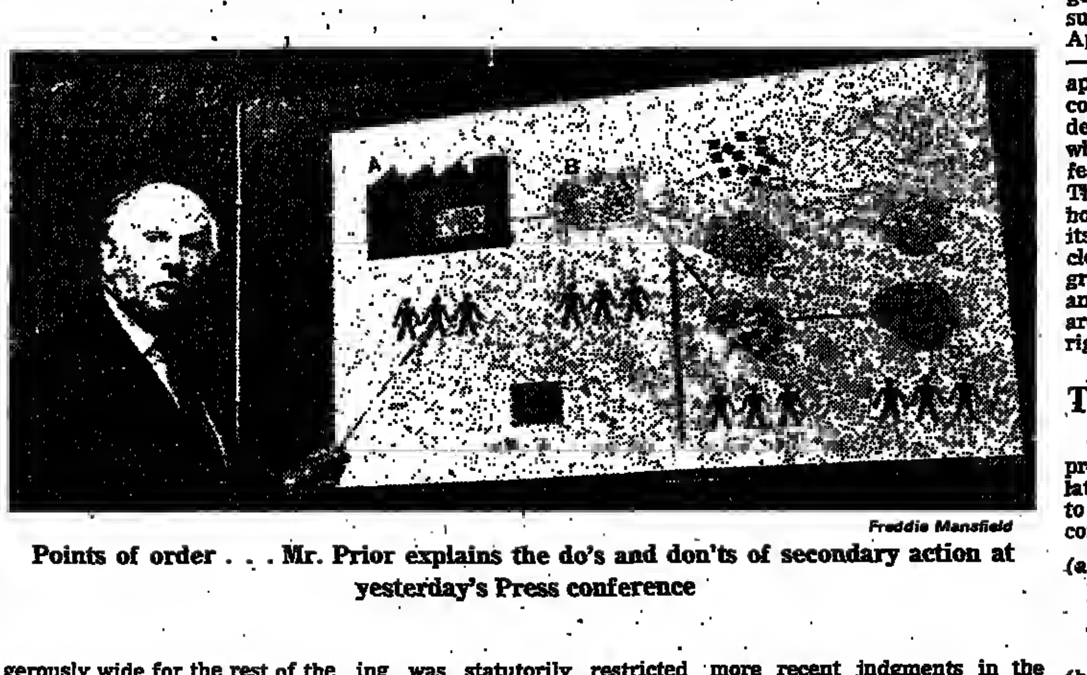
The scope of the immunity given by Section 13 for acts "in contemplation or furtherance of e trade dispute" was extended substantially in 1976. Before that (save for the period of operation of the Industrial Relations Act from 1972-1974) Section 3 of the Trade Disputes Act 1906, and subsequently Section 13 of the 1974 Act, provided immunity only for inducement of breaches of *contracts of employment*. However, the 1974 Act (Section 13 (3)) was designed to establish, on a statutory basis, a wider immunity in certain cases. For instance, it enabled a person to induce employees to break their contracts of *employment* as a means indirectly, and without legal liability, of preventing their employer from performing a *commercial* contract.

In 1976 the immunity was extended to inducing breaches of all contracts, whether directly or indirectly. From then on the union official (or others) could safely interfere with *any* contract provided he did so "in contemplation or furtherance of a trade dispute"—and in such case neither party to the contract had any remedy against him, however great the damage suffered. If anyone else did such damage to them they would have common law rights to take proceedings against him; but these common law rights were completely removed if the damage was inflicted by a union official (or others) "in contemplation or furtherance of a trade dispute."

The Conservative Party as HM Opposition in Parliament fought vigorously against the extensions proposed in 1974 and made then and in 1976 on the ground that the resulting scope of the immunity given would be unnecessarily and dengerously wide. It was unnecessarily wide for trade union officials doing their job of protecting the interests of their members in e dispute; and it was dangerously wide for the rest of the community who would be deprived of their common law rights to protect themselves against industrial action taken against them when they were not parties to the trade dispute.

However, in a number of cases decided in 1978 and 1979 the Court of Appeal held that the industrial action in question had not been taken "*in furtherance of a trade dispute*" and therefore did not qualify for immunity under Section 13, even as extended in 1974 and 1976. For e time it appeared, therefore, that the extent of the immunity might be governed by the application of tests, such as whether the action taken was too far removed from the original dispute or too lacking in effect or pursued for too extraneous a motive to be reasonably regarded as furthering the dispute. By these tests action "in furtherance" had to be reasonably closely related to the original dispute and the way the tests were applied by the Court of Appeal in the cases which came before them suggested that, although the immunity would extend to action taken to interfere with performance of e contract by the first supplier or customer of the party in dispute, it would not go far beyond that.

There were some hopes, particularly following the decision of the Court of Appeal in the *MacShane* case, that this development might afford e basis for consensus on the extent of immunity, provided that the immunity for secondary picketing was statutorily restricted because of its special connotations for public order. Since the Government would much prefer to proceed in these matters by consensus, it was felt that further consideration must await the decision of the House of Lords in the case of MacShane.



Freddie Mansfield

Points of order . . . Mr. Prior explains the do's and don'ts of secondary action at yesterday's Press conference

Current position

That decision was given in December, 1979. Their Lordships found that, under the existing statutes, the test of what is "in furtherance of e trade dispute" is wholly subjective, that is, it depends on whether the person taking the action honestly believes that it will further the cause of those taking part in the dispute. The effect of their judgments seems to be that Section 13 is to be interpreted and applied as conferring immunity in every case in which, for example, "blacking" is undertaken in the belief that it will in some way further an imminent or existing "trade dispute." Thus, so long as there is such e belief it does not seem to matter how remote the person (or business) whose contractual arrangements are thereby interfered with may be from the party to the "trade dispute" whose interests the "blacking" is intended to attack or whether he has any commercial concern in that dispute and its outcome. That this is the current position has been confirmed by their Lordships' more recent judgments in the case of *Duport Steels v. Sirs*. In short, the fears expressed in 1974 and 1976 about the virtually unlimited extent of the immunity which would result from the exchanges then made have been shown by the Lords' judgments to be fully justified.

It is the view of the Government that this position cannot be allowed to continue and that the law must be amended so as to restore a more widely acceptable balance of interests. In short, there much be restored to many of those who were deprived of such rights in 1974 and 1976 their rights at common law to seek the protection of the courts against any who interfere unwarrantably in their business affairs.

Because of its special significance in the context of public order (so well illustrated by recent events), the Government included provisions as to secondary picketing in its Employment Bill presented to Parliament last December. Whatever else may be shown to be required to deal with abuses of picketing, what is now required is to decide how best to restore to those who may otherwise be damaged (sometimes gravely) by other forms of secondary action, for example, blacking, their rights at law to protect themselves—so that provisions to secure that may also be included in the Bill.

One course would be to adopt by statute the approach which the Court of Appeal sought to adopt, that is, by prescribing general tests of the kind suggested by the Court of Appeal, but this time by statute—tests which would then be applied objectively by the courts when called upon to decide in any particular case whether the action in question fell within Section 13 or not. The Government do not believe, however, that this approach on its own would be sufficiently clear. People need to know with greater certainty than that when and in what circumstances they are to be deprived of their rights to protect themselves.

The proposal

The Government therefore propose that the existing legislation should be amended so as to achieve those objectives by a combination of two approaches:

(a) laying down certain tests which must be satisfied before Section 13 immunity can be claimed in respect of any industrial action; *and*

(b) restoring to parties damaged *in the circumstances to be identified in the Bill* their rights to bring civil proceedings to protect themselves from interference with commercial contracts by means of secondary industrial action.

General tests: In future, in order to attract immunity under Section 13, any industrial action taken by employees in a trade dispute would first need to satisfy two tests. The action taken would need (a) to be reasonably capable of furthering the trade dispute in question and (b) to be taken predominantly in pursuit of that trade dispute and not principally for some extraneous motive. In the case of any industrial action which failed to satisfy these tests, those damaged thereby would be free to exercise their normal rights to seek an order from the courts making the person inducing the action stop it or pay damages appropriate to the harm suffered.

In these circumstances this would apply in relation to inducements to break or interfere with *any* contract, whether a commercial contract or a contract of employment.

Those whose rights would be restored: These two tests of capability and motive are not sufficient on their own to set more reasonable limits to secondary industrial action. Even if both tests were met, some secondary action is clearly too remote from the original dispute to justify depriving those who are damaged by it of their right to obtain redress in the courts.

So, in addition to these two general tests, it is proposed that persons should be free to bring civil proceedings for any interference with their *commercial* contracts if this arose from secondary industrial action which took place beyond bounds that would be set in statute.

These bounds would be set as follows. Where the inducement to break or interfere with any *commercial* contract arose in connection with industrial action, threatened or actual, taken in furtherance of a trade dispute by employees of the employer in dispute, the person inducing the breach or interference would continue to have immunity under Section 13. In the case of such "primary action," no one whose commercial contracts suffered as a result would be able to obtain redress in the courts.

Exactly the same position would hold in the case of secondary industrial action in furtherance of that trade dispute by *employees of those first suppliers or customers of the employer in dispute who were not themselves party to the dispute but who regularly conduct a substantial part of their business with such a party*. These particular first suppliers and customers may be said to be commercially affected by the outcome of the dispute and there would continue to be immunity under Section 13 for a person to induce a breach of or interfere with any *commercial* contract through secondary action by *their* employees in furtherance of the trade dispute in question—provided, of course, that the tests of capability and motive were satisfied. If that were so, no one whose commercial contracts suffered as a result of such secondary action would be able to obtain redress in the courts.

But there the immunity for secondary action which interfered with commercial contracts would end. So, if a person were, in furtherance of the original trade dispute, to induce a breach of or interfere with any *commercial* contract through secondary action, threatened or actual, taken by *employees of anyone who was neither a party to that dispute nor a first supplier or customer (as defined in the above paragraph) of such a party*, then the parties to that commercial contract would be free to exercise their normal rights to seek redress in the courts for such interference. This would be the case even if the secondary action in question satisfied the tests of capability and motive. The inducement would have passed beyond the area in which secondary industrial action would have immunity and *anyone* whose *commercial* contract was interfered with as a result would be free to exercise such common law rights as he had to seek redress appropriate to the damage sustained. For all such people their normal rights to seek legal protection would be restored.

It will be clear that the proposal is to restore these rights where the *inducement* is to break or interfere with a *commercial* contract. Inducements to break only *contracts of employment* in furtherance of a trade dispute would continue to attract immunity — provided that the general tests of "in furtherance" were satisfied. This would be so wherever the secondary action in furtherance of the original dispute was taken, even if it were beyond the bounds set out above. Where the breach of employment contract took place *within* those bounds, there would continue to be immunity under Section 13 even if it interfered with a *commercial* contract. Where, however, the breach took place *outside* those bounds, anyone whose *commercial* contract was thereby intereferd with would be free to exercise his normal rights to seek redress in the courts.

Consultations

Comments are invited on these proposals, to which the Government would intend to give effect by amendment of Section 13 of the 1974 Act (as amended by the 1976 Act). These are complex issues and the Government wish to have the views of employers and unions before introducing the necessary amendments to the Employment Bill currently before Parliament. The Government's general review of the law on trade union immunities for industrial action will continue and the Government intends to publish a Green Paper later this year, so that there may be informed public debate of the whole subject.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Tough and resists the weather

ROVEL is the name given to a polymer developed by Uniroyal Chemical Company for structural and engineering applications.

Chemically, the new plastics material is based on a styrene-acrylonitrile matrix reinforced by a proprietary olefinic rubber.

In practice, the outstanding characteristic of the material is said to be its high impact strength, which is retained over long periods together with its general appearance, even after long exposure to solar ultra-violet radiation.

Thus, Rovel can be used alone, or as a protective co-extruded outer layer over a lower cost, non-weatherable plastics substrate.

Injection moulding, profile and sheet extrusion grades are being made available in commercial quantities.

The company says that the new material is easily processed, being similar in this respect to ABS. However, because of the saturated nature of the olefinic rubber component, Rovel can be processed at temperatures 25 to 50 degrees F higher than ABS without danger of degradation.

The benefit arises when good mould filling is needed in difficult moulding jobs, since the melt temperature can be increased as required. In most cases the upper limits of processing temperature are set by the colouring pigment, not the resin itself. The material can be injection moulded at temperatures up to 525 degrees F without thermal degradation.

In turn, this permits lower injection pressures, extending the life of the mould and facilitating the production of intricate parts.

Rovel 401 can be readily extruded into smooth or grained sheet or can be co-extruded as a capstock over ABS. For a higher gloss Rovel 701 is employed, while the 501 material is used for profile extrusion in which linear rates of production can be twice that obtainable with rigid pvc. The material's thermal stability and non-corrosive properties mean that barrels and dies do not have to be cleaned after each run.

The sheet is easily vacuum formed and can be deep drawn to yield parts difficult to form with other materials.

Uniroyal states that sheet and moulded parts can be fabricated by a variety of standard methods. The resin is very ductile and exhibits high cracking resistance to temperature or mechanical stress. Screws and metal inserts, for example, can be readily introduced and the parts can be bonded, painted or plated. Ultrasonic welding can be used to join parts made from Rovel and for joining to many other kinds of plastics.

In the U.S. a number of applications have already been tested and approved by major manufacturers including vehicle and motor-cycle parts, outdoor signs, marine hardware (for example, engine shrouds), solar power components and thermal flat plate collectors for outdoor swimming pool heating. Farm equipment such as animal shelters and feeding troughs have also been made.

Rovel resins are priced in the U.S. at just over $1 per lb and can be supplied in natural opaque, white and black.

More from Uniroyal Inc., 1230 Avenue of the Americans, New York N.Y. 10020.

● INSTRUMENTS

Imitates thermocouple

AN INTERESTING innovative use of the microprocessor has been made in a device from Haven Automation which can simulate the output of a number of standard thermocouples.

Able to imitate seven couples covering a total range of —273 deg C to 1820 deg C, the instrument has two modes of operation, temperature and voltage.

In the temperature mode the user simply enters the required temperature using a built-in keyboard, in degrees Centigrade or Fahrenheit and this data, together with the corresponding milli-volt output will be shown on numerical LED displays. In the voltage mode the required voltage can simply be directly keyed in.

An external probe allows temperature measurement between —50 and 185 deg C and this can also be used to provide a reference to the simulation. Otherwise, the required cold junction temperature can be entered manually from the keyboard.

More from the company at Cwmdu Industrial Estate, Gendros, Swansea SA5 5LQ (0792 347221).

Detection of gases

INSTRUMENTS for gas detection or analysis have been announced by both Hartmann and Braun and PVS Control Engineering.

The unit from the German based company is an exhaust gas analyser making use of the ultra-violet absorption principle to determine both nitric oxide and sulphur dioxide. By choosing appropriate light sources and filters the measurement can be made highly selective for the one gas or the other. Smallest measuring range in each case is 0 to 100 parts per million.

Output signals are available to drive recorders, or alternatively signals (standard process control levels) can be fed to control devices in order to maintain concentrations of the measured gas within required limits. More from Moulton Park, Northampton (0604 46311).

The second instrument is a multi-channel explosive gas alarm system made by Icare SA in Marseilles which is able to detect any flammable gas well before an explosive condition arises. Sensors used have a high resistance to catalytic poisoning (by heavy metal compounds for example). More from PVS Control Engineering, 59 Windsor Road, Maidenhead, Berks. (0628 26390).

● HANDLING

Conveyor is held steady

IT IS sometimes the case that large conveyors moving bulk materials, either from one location to another or from one level to another, run back when stopping or starting or when for some reason power is removed. This can be dangerous and also cause spillage.

Dunlop has been looking into this problem and has produced a device which it claims will give full protection from this hazard. The unit is claimed to be a simple mechanical device that requires no maintenance or lubrication and is mounted either within the drive system or directly on to the pulley shaft.

A standard range of units is available for shafts up to 350 mm in diameter and special applications are catered for by a system of modular design. More details are available from Dunlop Engineering Group, Foleshill, Coventry CV6 4AA (0203 88733).

● SECURITY

Intruders sensed in three ways

A TOP security alarm system is to be marketed in the UK by Ultra Electronic Communications, a Dowty Group company.

Made by Sparton Corporation in the U.S., it puts up a defence against intruders at big, remote sites on three fronts, employing seismic, magnetic and infra red techniques.

Examples of applications are unmanned generating stations, broadcast transmitters, defence establishments, atomic power stations, petrochemical plants and even international borders where illegal immigration is a problem.

The three types of sensor can be used to protect sites of any size or shape and are self-contained and waterproofed for long-term unattended operation. They are linked to a central monitoring station either by a VHF radio link or by cable. Alarms are registered on a variety of devices ranging from a simple mimic panel with lights denoting sensors, to a full alpha-numeric display on a crt screen, with print-out.

Magnetic sensors can be used singly, mainly for the detection of personnel carrying any ferrous metal who are moving about. Fixed steel fencing and other objects produce no signals. Alternatively, used two at a time, the detectors can sense the passage of a vehicle.

A seismic point sensor will detect (in suitably quiet seismic environments) the vibrations set up by vehicles or personnel on foot. A second version is a line detector, consisting of up to 10 geophones and a processing unit and this is particularly suitable for perimeter protection.

Also available is a passive infra-red detector which is sensitive to the infra-red emissions of humans. It emits no beams and is suitable for indoor or outdoor use. Once installed, there is no indication of its presence.

More from the company at 419 Bridport Road, Greenford, Middx. (01-578 0081).

● DATA PROCESSING

Records arrivals and departures

SIMPLEX IS manufacturing and marketing two increased memory capacity versions of its electronic attendance recorder —the STEP Models 149 and 199.

These self-contained time calculators control the day-to-day working schedule within a business organisation with up to 149 and 199 employees respectively, and provide a printed record of employees' arrival and departure times during a pre-determined work period. They distinguish systematically between normal time, normal overtime and special overtime, and record the daily and cumulative totals of each. Any anomalies in attendance times are automatically printed in red.

Furthermore, at the end of the pay period, each time card becomes a payroll document, containing all the information relating to that employee's movements during the payroll period. Wages staff simply have to read off the final figures, ready sub-divided into the different categories of working time, for instant payroll computation.

The units can be programmed to operate to a weekly, fortnightly, or monthly pay period.

STEP Models 149 and 199 have been designed to monitor normal working hours, flexible working hours, or a combination of both simultaneously.

The machines can be pre-programmed to control up to four daily and four weekly work schedules, at the customer's choice, and each weekly schedule can comprise any combination of daily schedules. In other words, they will cater for four different groups of employees working to four different daily schedules, any of which may be normal working hours or flexible working hours.

Work schedules may be programmed by the customer to infinite variety of different features, such as automatic "in" and "out" printings for arrival and departure times; specific limits outside which attendance will not be credited; and "allowed lateness" periods during which late arrivals are not debited. Other programming options include maximum daily normal working time and/or overtime allowed, maximum monthly "carry-over" hours for flexible working hours operation; and many more.

Simplex Management Services, 114 Cromwell Road, London, SW7 4ES.

● CONSTRUCTION

Access to high buildings

CAPABLE of lifting men and materials weighing 350 kg to its full 20.5 metre working height within 50 seconds, a new platform from CSG Hyperion Plant, of Croydon, has made its debut in work on Covent Garden's old parish church in London.

The telescopic boom incorporates an advanced ram in the sleeve of each section allowing all cylinders to operate simultaneously when the boom is extended or retracted. The plant can be brought into action and the cage repositioned faster than conventional machines because all boom sections move in unison.

The design also overcomes problems commonly associated with the extension and retraction of electric cables and hydraulic lines on telescopic booms. Cable on the new (Costers) unit is fed automatically from a reel into an extending U-shaped conduit formed of metal links which run along the exterior of the boom. The elimination of exposed cable and the design of the metal housing greatly reduce the risk of faults or accidental damage.

The machine has an outreach of 11.5 metres. It rotates through 360 degrees, completing a full circle in under 100 seconds, and operates in extremely confined spaces, making it particularly suitable for use in narrow streets or wherever projections or overhang interfere with access.

Machines are available on sale or hire from Hyperion Plant, 604, Mitcham Road, Croydon, and also from CSG Access Division, 45, Methil Street, Glasgow G14.

High-power hammer drill

TE72 IS a dual-purpose, rotary hammer drill for heavy duty drilling and chiselling into concrete, rock and even granite.

It will be of particular interest to building and construction contractors, the pipe-fitting, plumbing and electrical trades, and maintenance engineers.

A hammering rate of 2,820 blows a minute enables the tool to drill to a depth of 190mm, with a 22mm bit, in one minute. The tool can be set to operate as a rotary hammer drill for either rotary drilling, or hammering only, for chiselling, chasing or concrete surface preparation.

The power to provide this performance comes from an 500 watt motor and the tool operates electro-pneumatically so that virtually no contact pressure is needed. The resultant lack of vibration, combined with relatively light weight (8.2 kg), makes the TE72 convenient for prolonged use in awkward situations.

Hilti House, Chester Road, Manchester M16 0GW. 061-872 5010.

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ATALANTA Engineering Ltd., Hanworth Trading Estate, Hanworth Lane, Chertsey, Surrey KT16 9JX, England. Tel. Chertsey 62656. Telex: 8912538 ATALAN G. Telegrams: ATALANTA CHERTSEY SURREY.

Aluminium staging for builders

CONSTRUCTED entirely from aluminium, trough shaped in section and with corrugated non-slip deck, is Spandeck lightweight staging produced especially for the building and maintenance industries by John Rusling, Springfields, Newport, Salop (0952 811779).

With a width of two feet (six inches wider than traditional timber stage, says the company) this system obviates the need to double-up between scaffold towers.

When used singly the deck's trough profile faces upwards but for larger working areas, the new staging is inverted to form a deck of any width.

System promises a safe working load of 800 lbs with four-to-one safety factor and can also be used for runs of catwalk across industrial roof trusses. Weight is 5 lbs per foot run. It also has the ability to cantilever up to nine and a half feet with a 250 lb safe working load.

BEDFORD'S NEW TM 32X.

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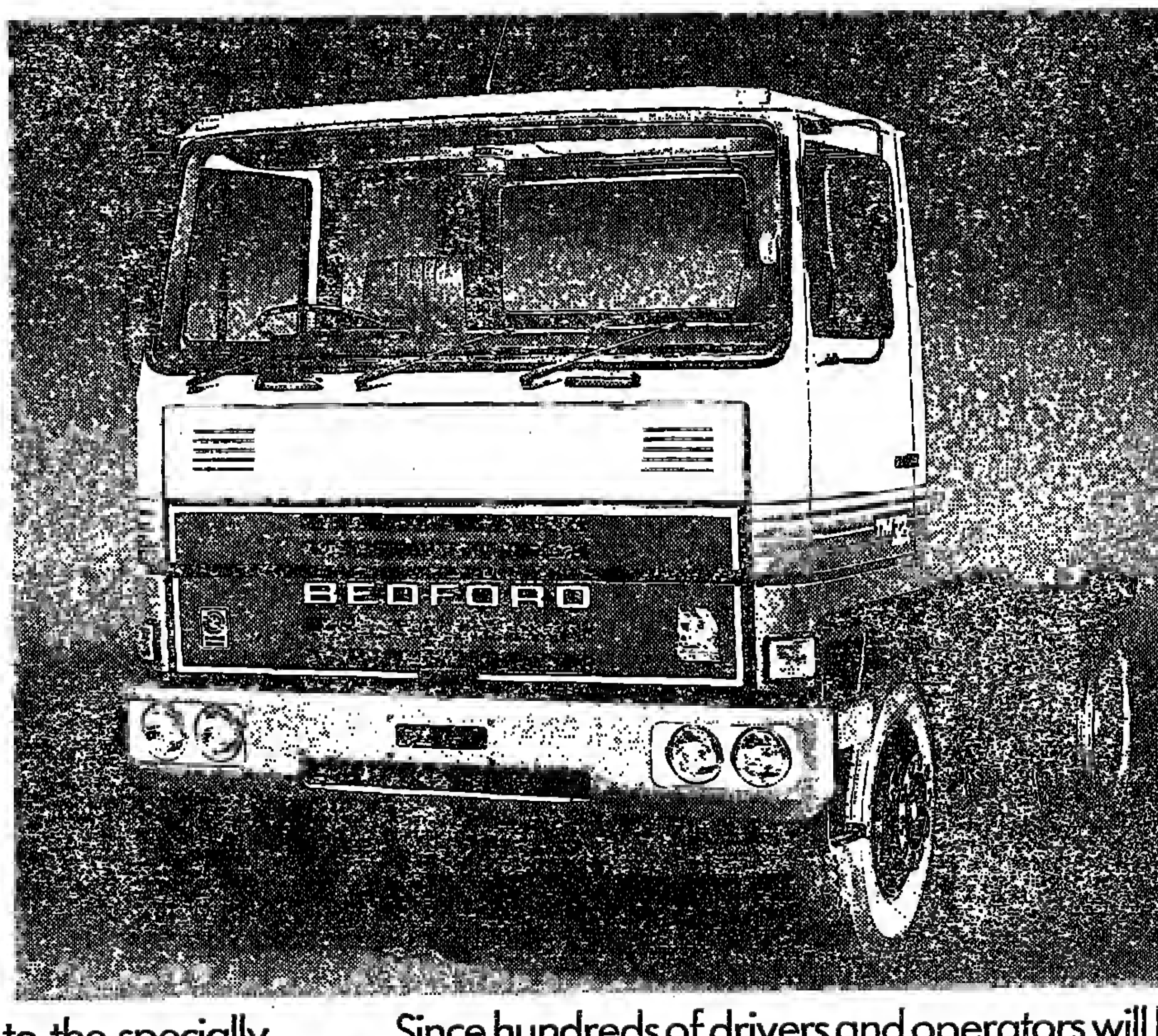
Our new TM 32X is everything the UK long-distance truck driver could wish for.

The wide-bodied cab comes with many extra touches, like ample sound insulation, five-way roof ventilator, and high-back seating with suspension unit for the driver. There's even a push-button three band radio.



Just run your eye over the specification to see how many extras are provided as standard. And comforting news for the operator is that the new TM 32X is light on fuel, thanks to the specially modified 6V-71 Detroit Diesel engine with N60 fuel injectors. Bedford TMs with this power unit are giving an economical 8·23 mpg.*

Full lumbar support helps prevent backache.

A tractor unit this special, this economical and this competitively priced can only be available to a limited number of customers.

*Achieved by Unigate Foods Ltd. with a variety of semi-trailers, both tank and box, at 32 tons GCW and 24 tons GCW.

Since hundreds of drivers and operators will be interested in a truck that's both heavy on comfort and light on fuel, we suggest you fill in the coupon right away.

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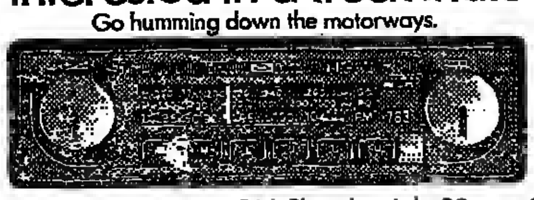

TM 32X SPECIFICATION: Plated weight 32 tons GCW • 6V-71 Detroit Diesel, with N60 fuel injectors • 118" wheelbase • Full-width cab • High-back suspension seat for driver • High-back passenger's seat with armrests and head restraint • Seats with Deerskin knitted nylon trim • Radio and aerial • Sound insulation • Roof ventilator • Cab marker lamps • Hub covers • Front anti-roll bar • Front and rear shock absorbers • Hand primed pump • Brake anti-freeze • Twin fuel tanks • Special two-tone paint finish with decal stripes.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why global harmony of accounting standards is a long way off

BY ROY C. NASH

AT FIRST glance, it would appear that tremendous progress has been made towards harmonising international accounting and reporting standards, primarily because of the work of the International Accounting Standards Committee (IASC).

In a relatively short time, the IASC has issued 13 international accounting standards and two discussion papers, and it has 11 more topics under study as possible future standards.

However, in reality, universally agreed-upon accounting and report standards are far from fruition. Most professional accounting bodies around the world have not incorporated the IASC recommendations in their national accounting standards. Efforts by other bodies, such as the UN and OECD, in this area, have also failed to command general international agreement.

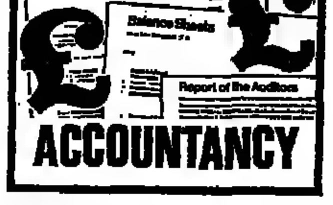
Yet, even if it is not of critical importance, harmonisation remains a very worthwhile objective, if for no other reason than that it can contribute to the efficiency of national and international trade. Multinational enterprises, therefore, should be more supportive of the efforts being made. Despite its record to date, the IASC is undoubtedly the most appropriate agency to achieve this objective.

But the IASC has to overcome many obstacles before it can be truly effective, and this will take a long time.

Founded in 1973 by 11 national accounting bodies, the IASC has grown to represent more than 400,000 qualified accountants in 43 countries.

However, the standard-setting body in the U.S.—the Financial Accounting Standards Board (FASB)—is not a member of the IASC. The professional body that is a member is the American Institute of Certified Public Accountants (AICPA). Yet it has officially stated on the one hand that, "The IASC should be supported to the maximum extent practicable"; and on the other that, "Statements of International Accounting Standards do not establish standards enforceable under the Code of Professional Ethics of the AICPA."

A study I made of the 1977 and 1978 financial statements of all companies listed on the major U.S. Stock Exchange uncovered no references to the IASC. However, to date, U.S. accounting standards and IASC



accounting standards have been in substantial conformity. Thus, published accounts of U.S. companies have reflected this conformity even though it is never mentioned in their financial statements. Yet, this has not been brought about by the influence of the IASC and questions remain as to whether the U.S. would be willing to make substantial changes in its accounting standards for the sake of international harmony.

The UK has been a major contributor to the work of the IASC, and indeed, the very existence of the IASC owes much to the efforts of Sir Henry Benson, its first chairman. Yet even the UK has not adopted all the IASC Standards, nor will it disseminate for discussion purposes those that have not been adopted.

In Europe and elsewhere, the IASC has met with mixed success. As reported in the Financial Times' Survey of 100 European financial statements, many enterprises do not comply with even the basic IASC requirements for disclosure of accounting policies and preparation of consolidated accounts. On the other hand, the London Stock Exchange requires foreign companies to prepare their financial statements in conformity with International Accounting Standards. And in Japan, reporting on a consolidated basis has recently become a requirement, partly as a result of the issuance of International Accounting Standard 3.

The degree of substance and the level of support the IASC has won for its pronouncements have also varied. Early International Accounting Standards covered areas that, while often complex, did not have to overcome any significant international disagreement on basic principles.

For example, IAS 1 called for enterprises to disclose their accounting policies and IAS 3 required consolidated accounts to be prepared. However, recent International Accounting Standards cover more controversial areas, and the IASC has found it increasingly difficult to achieve agreement on basic principles. As a result, it has allowed alternative accounting methods for the same transaction, and in doing so it has been accused of not issuing standards at all.

Furthermore, support for its work has been weakened as observers perceive that the IASC does not have the power to call for one method of accounting for the same transaction.

Adding up

In fairness to the IASC, it should be pointed out that non-accountants generally do not understand the difficulties in arriving at uniform accounting standards. They equate accounting to book-keeping and assume that it is nothing more than adding up numbers. It should also be noted that most national professional accounting societies and government accounting standard-setters around the world have experienced only limited success in narrowing their own alternative practices in complex and controversial areas. Finally, when IASC permits alternative practices it usually requires disclosure of information to enable the reader to make an assessment of the effect of the different practice.

Government involvement is another pivotal element in the efforts to harmonise international reporting and accounting. In many, if not most, of the countries in the world, accounting standards are not issued by private bodies—as they are in the UK and U.S.—but instead are determined by government. The IASC's work is made more difficult by the requirement that governments—always reluctant to concede any of their powers to outside groups—change their local legislation so as to conform to IASC standards.

Because of such difficulties, two international government groups have gone on record as saying that while they support the work of the IASC, they believe that cooperative governmental efforts are needed in order to achieve uniform worldwide accounting and reporting standards. These two groups are the UN and the Organisation for Economic Cooperation and Development.

In 1977 the UN published a much-discussed report, "International Standards of Accounting and Reporting for Transnational Corporations." This advocated that extensive disclosures be made by both transnationals and national companies, involving not only financial accounting areas but also "social" matters — for example, a description of the enterprise's labour relations policy.

Critics of the report have expressed concern that perhaps only multinationals would be required to comply with these extensive disclosures, and if so, the multinationals would be put at a competitive disadvantage relative to national companies. Critics also say there is not a country in the world that requires all of the recommended disclosures.

In response, the UN has set up a new group to review the first report and to prepare a new one. The new group has agreed to consult with the IASC and has not agreed to adopt the IASC standards as a framework for their forthcoming recommendations.

In 1976, the OECD issued its famous "Guidelines for Multinational Enterprises." These guidelines call for, among other things, the voluntary disclosure by multinationals of their operating results and sales by geographical area, and the policies they use relative to intra-group pricing.

At least one nation—Australia—has indicated publicly that it wants foreign companies operating in Australia to observe the guidelines; and it uses them as a point of reference when reviewing applications by foreign companies for investments in Australia. Trade unions have also cited the OECD guidelines in disputes with management.

In order to assess how compliance with the voluntary guidelines was proceeding and to review international accounting matters in general, the OECD established, in early 1979, an *ad hoc* working group on accounting standards. In its recently completed report, the group said that it had found certain weaknesses in the guidelines—specifically, in the lack of standards for measuring the items to be disclosed. The group said that without measurement standards, there cannot be international uniformity of reporting. For example, the guidelines call for disclosure of research and development expenditures. Yet there are no rules as to what constitutes "research" and "development."

The report also stated that the IASC, being a private, narrowly constituted body, could not be asked to prepare the measurement standards to back up the OECD guidelines.

In the past, a certain amount of consistency in international accounting was reached through the efforts of the "Big Eight" international auditing firms and the historical, colonial and economic influence of French, UK, and U.S. standards.

Yet, a great deal of this "mother country" and "Big Eight" influence is waning. The European Economic Community has negated a lot of the "Big Eight's" influence throughout Europe because of its involvement with accounting, reporting and auditing. The growth of nationalism worldwide will continue to reduce French, British, and American influence.

Obstacles

Obviously, there are major obstacles to reaching the goal of world-wide uniform international accounting and reporting. The UN, OECD, and IASC could separately be writing standards that conflict. As nationalistic feelings grow, individual countries may step up the process of codifying their own standards where none were codified in the past. Even if such countries are members of IASC, local standards may conflict with the International Standards, as the survey published by the Financial Times has shown. If, somehow, the IASC, OECD, and the UN were to coordinate their efforts, the individual countries or professional organisations who belong to these groups would still have to agree to adopt their recommendations, and it is unlikely that all would do so.

The basic difference between the European and North American viewpoints on the relative importance of the various financial statements is expected to continue. In Europe, the balance sheet is considered by many to be the most significant financial statement. In North America, the income statement is of primary importance. If this difference in emphasis continues while both sides of the Atlantic implement more and more standards and directives, there is a real danger that the kind of problem the Shell group is now having with the conflicts between U.S. and UK tax accounting will get worse.

Countries outside Europe and North America which want to contribute to the international harmonisation of accounting could go their own ways if they perceive that the North American countries and European countries do not feel the same way about harmonisation.

To date, the IASC has had at best only an indirect influence over the contents of EEC directives and FASB statements. In my opinion, the EEC is not very interested in conforming its accounting standards to IASC standards, nor is the FASB. Perhaps even worse, the EEC and the FASB are not collaborating in their own research and publication efforts.

It is comforting, perhaps, to realise that while international accounting standards harmonisation is a worthwhile effort, it is not of such critical importance as some would like to suggest. International trade is certainly not going to grind to a halt for lack of international standards. On the other hand, international trade and investment would be less costly and more efficient with some reasonable degree of harmonisation than without any harmonisation at all.

On balance, harmonisation efforts should be commensurate with the benefits to be attained and that does not mean a costly all-out effort. I believe that the accounting professions of the world under the aegis of the IASC are the best sponsors for this effort. A world-wide government effort through the UN would be too slow and cumbersome and too politically motivated to do the job. A new organisation under the sponsorship of business, accounting professions, labour unions, financial analysts, bankers, and credit granters, etc., is likely to be expensive and too loosely confederated to be effective.

The IASC is exploring the possibility of establishing an advisory council or consultative group comprised of representatives of business, credit granters, Government, academics, etc., for the purposes of involving others in the international accounting standard-setting process. After that step is completed, the IASC may expand its Board to include more representatives from preparers and users of financial statements. I believe it would be in the best interest of the multinationals actively to support this effort, both on a national and on an international basis.

The idealistic goal of having universally-agreed-upon accounting and reporting standards is far from being realised. For the foreseeable future, multinational enterprises can expect to face an ever-increasing list of guidelines, directives, standards, and legislation, sometimes in conflict with one another, that will affect their financial reporting and that will increase the cost and burden of doing business internationally.

* *Financial Times survey of 100 major European Companies' reports and accounts. Financial Times Business Information Ltd, Marketing Department, Bracken House, Cannon Street, London EC4. £75. An updated version, covering 200 companies from a wider geographical base, will be available from April.*

The author is a partner in the U.S. national office of Arthur Young and Co. in New York. From 1977 to 1979 he was secretary of the International Accounting Standards Committee.

EuroMPs think small

AMERICAN small businessmen have just sent a package of demands to President Carter as a result of their recent small-business conference in Washington. Their UK counterparts are now being given a chance to tell the European Parliament what measures they would like to see implemented to improve the climate within which they operate.

The initiative for this has been taken by Mr. Fred Tuckman, MEP for Leicester and chairman of the small business committee of the European Democratic Group. His plan is to run a seminar in July in London at which representatives of small businesses will get together and thrash out a set of proposals, some or all of which could then be considered by the European Parliament.

Mr. Tuckman sees the seminar as a means by which the various small business organisations can reach agreement on a programme of action. The problem he has experienced to date, he says, is that in talking to the various organisations and interest groups individually, each has tended to stress its own ideas and interests which "doesn't allow us to get an understanding of what small business needs," he says.

Tuckman makes clear that his initiative is complementary to and in no way competing with the moves being contemplated by the British Government.

At present, he sees three broad areas in which his seminar may help. First, it should give further "political visibility" to small companies, by emphasising that they are both useful and valuable to the economy.

Second, it may elicit a clearer picture of whether money is a major need, and, if so, what type of money. He does not even rule out the possibility of a case being made for an EEC loan guarantee system to enable small companies to get bank loans at lower interest rates than they might normally have to pay.

The third benefit he is looking for is to create a more positive interaction between government and small businesses, with small businesses continuing to speak with one voice on matters important to them.

Initiatives have already been taken by the committee to keep an eye on developments in the small firms arena. For example, there are members of the European Democratic Group on most of the 15 European parliamentary committees, and they have been asked to alert the committee at an early date to any legislation in the formation stage that could have an impact on small businesses.

The seminar will be "closed"—i.e. delegates only—in order to encourage a "no holds barred" discussion.

Nicholas Leslie

BUSINESS PROBLEM

BY OUR LEGAL STAFF

Directors and lessees

I am the lessee of a flat being part of a modern block. The several lessees formed a private limited company to purchase the freehold interest and in which each holds one share. Directors of the company obtained estimates for carrying out extensive works at a cost of substantially more than £2,000. The estimates were not referred to the individual shareholders either in their capacity as members of the company or as lessees—which they still remain, each paying a nominal ground rent of £1.00 per annum.

In your opinion are the directors within their legal rights or should the individual lessees have been consulted as provided for in Part IX, Section 124 of the Housing Act, 1974? In these circumstances are the directors able to recover from the several tenants a proportion of the monies expended?

If the company is now the landlord of the individual lessees (by purchase of the freehold reversion) and the members of the company comprise the majority (or all) of the lessees the company is exempt from the provisions of Section 91A of the Housing Finance Act 1972 (Section 124 of the Housing Act 1974). The remedy of a member lies in requiring the directors to answer for the expenditure in a general meeting of the company. The company ought therefore to be able to recover from each lessee the appropriate proportion of the monies expended on the works which you describe.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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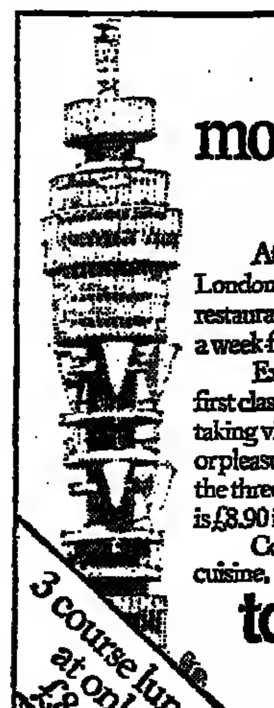

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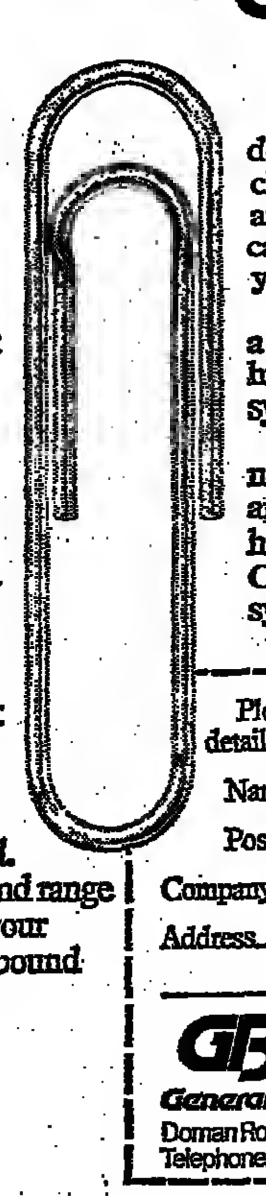

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FINANCIAL TIMES SURVEY

Wednesday February 20 1980

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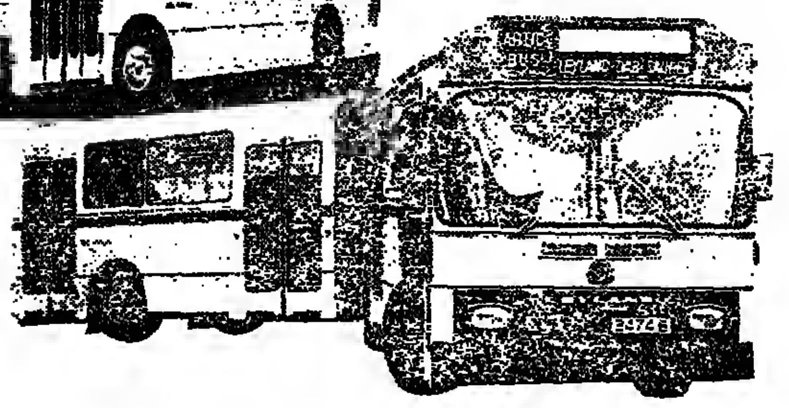

Buses and Coaches

Buses and coaches provide the most economical means of passenger transport, their makers claim, as they look forward to a decade of expanding sales.

Growth lies in export market

By Kenneth Gooding

EUROPE'S commercial vehicle manufacturers are faced with the prospect of continued over-capaelty and static markets for *trucks, at least for the next few* years. So it is not surprising that they are paying increasing attention to bus and coacb manufacturing operations where capacity is much more in line with demand and where the *chances* for *substantial* annual growth are very good indeed. One of the leading manufacturers, Sweden's Volvo, goes so far indeed as to describe the bos as "the vehicle of the next two decades."

The optimism *springs not so* much from prospects in Europe—although countries that had been letting their bus operations *run down* chaoged tbeir minds after the oil supply crisis—but in the developing world, which is in a position to learn from the mistakes made by the industrialised countries.

The simple fact is that the creation of an effective traffic infrastructure is an essential prerequisite for economic growth in any country. The extremely high population densities which form around industrial centres can result in losses to the economy and a deterioration in the standard of living if traffic problems are left unsolved.

The passenger car, although designed for carrying individuals, has in too many industrialised countries assumed the role of mass transit. Bot the penalties are severe in terms of air pollution, noise, excessive energy consumption, congested streets, overcrowded parking facilities and bigh accident rate.

There can be no argument: the passenger car does *not* constitute a good foundation for establishing a sound traffic infrastructure if you are starting out in the 1980s.

The *commercial* vehicle makers argue that for an extremely broad range of requirements the bus is the most economical means of passenger transportation available.

The bus "lobby" points out that buses have the flexibility to respond to changing transportation *needs* because they operate on normal roads; they can be employed in areas that are relatively sparsely populated; they need only a fraction of the specific road surface required hy cars and only about a quarter of the energy.

Cash available

Saudi Arabia as a country which had the cash available to move from "undeveloped" to "developing" at a fast rate, provides a good example of what happens to transportation during the process. The country has a good airline for long-distance travel. It has a well-developed truck market for the transportation of goods, mainly by one-truck owner-operators. The passenger car market is equally well-developed, with the emphasis on Japanese and American vehicles. Buses take care of *mass transit* in the urban areas. Significantly, the buses are made in Europe, the management of the bus company is from the U.S.

Saudi's decision to "go with the bus" is certainly having an *impact* on the generally upward trend in demaod. The country will buy 4,000 buses over the next five years. It has ordered 700 already and is asking for *bids in lots of 400*. Compare *this* with the 1978 output of Europe's two major bus makers, Leyland of the UK and Daimler-Benz of West Germany, at 6,600 and 6,553 respectively. (In tbis connection the vehicles or chassis are purpose-built buses, not converted vans, and are over six tonnes gross weight.)

Even without the influence of the Saudi orders, demand is climbing inexorably upwards. Leyland reckons that the growth rate in those countries outside Western Europe or the U.S. which are potential markets for European buses is at least 10 per cent a year.

This particular market will probably take 30,000 to 35,000 buses and coaches in 1980. And it is on this market that the European manufacturers must concentrate their attention. For although there are an estimated 400,000 buses on Europe's roads, a great many of them were made in the country whose roads they travel.

The countries of Western Europe have always been very nationalistic about buses. Local legislation, often designed to meet local conditions, effectively puts up substantial non-tariff barriers to trade in buses. Some*times the eocouragement of* local producers is overt—sucb as when grants towards mass transit services are available to local authorities only when *local manufacturers* supply the bardware.

The upsbot is that in most Western European countries it is uneconomic to import buses nr coaches on a large scale.

As for the U.S., although it is a market which might well open up in the future, for the moment the Europeans mainly leave it alone. Indeed, until recently they did not consider it worthwhile to attack the truck market in the States either.

The coostraints on trade in the European markets have produced some stability, hnwever. Companies have heen able to judge pretty *accurately* what demand will be. So there is not much over-capacity of the kind which bedevils the truck sector.

Not short

But the Europeans are not short either of capacity to take up orders from the Third World. Some companies which are making aggressive moves in non-European export markets are increasing capacity—two examples are Sweden's Scania with a Skr15m ($3.7m) expansion programme and Iveco's recent *restructuring of* the facility at Mainz in Germany, which produces Magirus-Deutz trucks as well as buses.

For the past 10 years the main suppliers from Europe, as previously suggested, bave been *Leyland and Daimler-Benz* (with Mercedes buses). But the obvious growth prospects, particularly since private-sector bus operations began to mushroom in many developing countries, have attracted the competition in the shape of sucb doughty concerns as MAN, Fiat (*through* its Iveco subsidiary) and the Scandinavians represented by Scania and Volvo.

So far the big bottleneck holding up development has been body-building capacity. The potential output of bus and coach chassis is by no means matched by that of the body-builders. It is for this reason that Ikarus, the Hungarian group which has as its main role the supply of buses and coaches to the Comecon countries, has a presence outside the Eastern bloc — because it has body-building capacity to spare. (Westero companies keep a constant wary eye on Ikarus because of its huge production potential—it makes a bus about every 20 minutes' working time.)

Leyland estimate it could reasonably expect to sell 2,000 buses a year outside the UK but this could be doubled if *the body-building* capacity were available.

In any event, one trend which seems certain to come is that many of the Third World countries will develop bus and coach body-building capacity, possibly *in partnership with* the Europeans.

Volvo reckons that it could set the pattern. The group *makes bus chassis for 60 markets* and deals with 60 body-builders, one for each. It does not want the problems of the integrated European bus builders.

Certainly bus body building involves relatively low technology—but it is *labour-intensive* and costs are high. In the Third World, however, this can be an advantage when governments look for some local *assembly or manufacture* so that employment prospects are improved.

Volatile

Then again, the bus market in individual countries can be volatile, with high peaks and low troughs. In the developing countries in particular bus orders can arise or be cancelled for basically political reasons which bave nothing whatever to do with tbe mass transit needs.

It is also expensive to export built-up buses. Scania says it *costs around £6,000* to ship a built-up double-decker bus to Hong Kong from Europe. But a separate chassis can be shipped for rougbly £1,500 and the cost for a separate body is £200.

However, tbe Europeans are no longer selling buses and coaches to the developing countries. They are selling "transport systems" or transport "packages." *These systems and packages go much further than* simply offering service support and training for mechanics. The bus makers can produce for a potential customer a model of a transit system which takes into account passengers, vehicles, infrastructure, planning and use.

The Europeans, speaking from bitter experience of congested urban areas, place particular emphasis on improving *the infrastructure*, the routes, the bus stops and intersections: on separating the modes of transportation by providing bus lanes, bus streets, overpasses or tunnels. They can offer advice on bus stop equipment which can *increase* reliability and safety—such items as elevated boarding platforms and weather protection.

They can explain to local authorities how improvements at intersections can be gained by controlling traffic lights from the bus, providing special bays for buses, and so on.

In short, the bus makers cannot simply be bus makers any *more. If they are to succeed in* those markets with the highest potential, they will be more likely to win contracts because of the complete transit "packages" they can provide, not just because the vehicles they offer are cheaper to buy than those of competitors.

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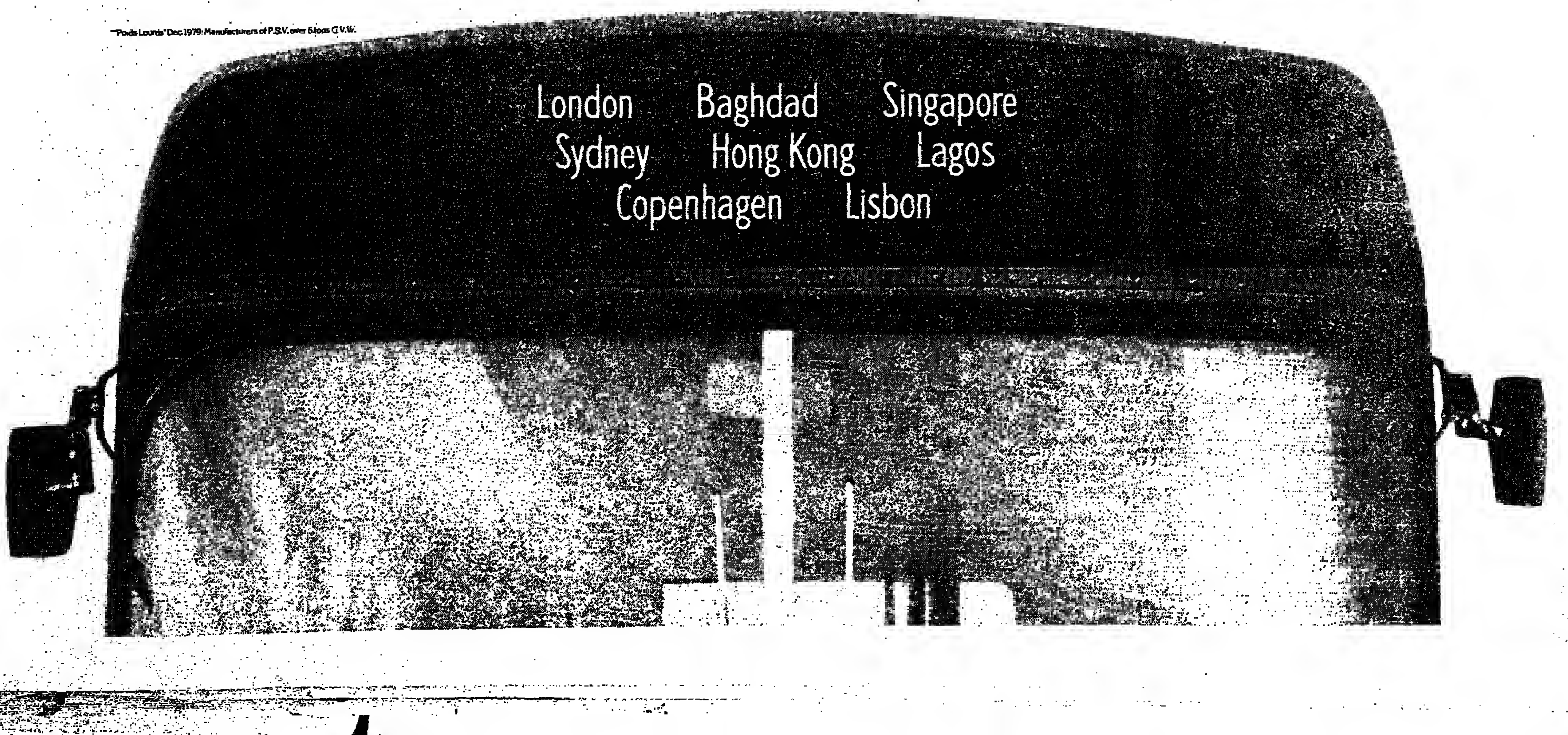
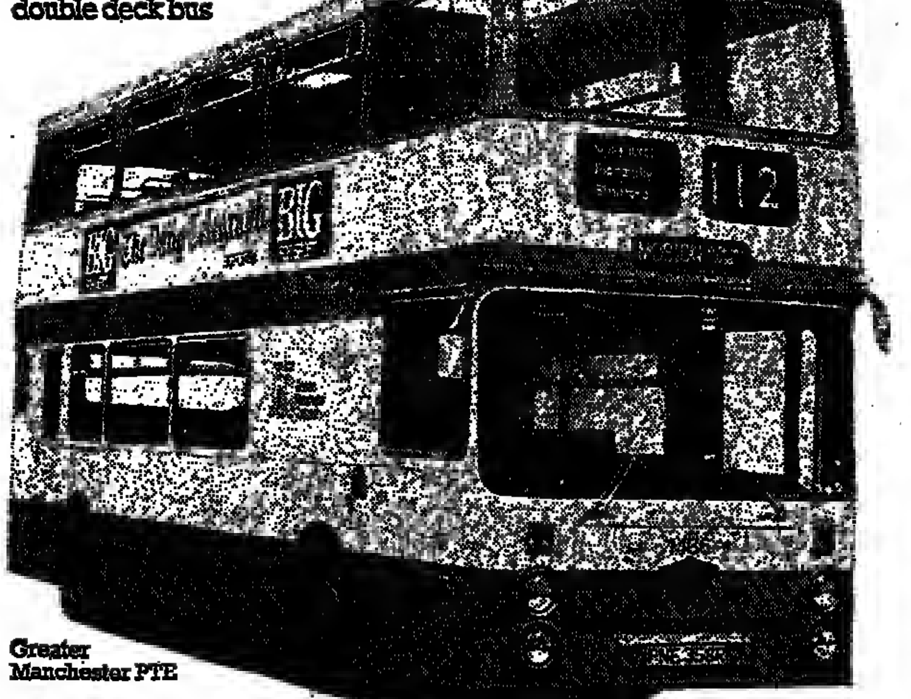


FODEN

Foden double deck bus



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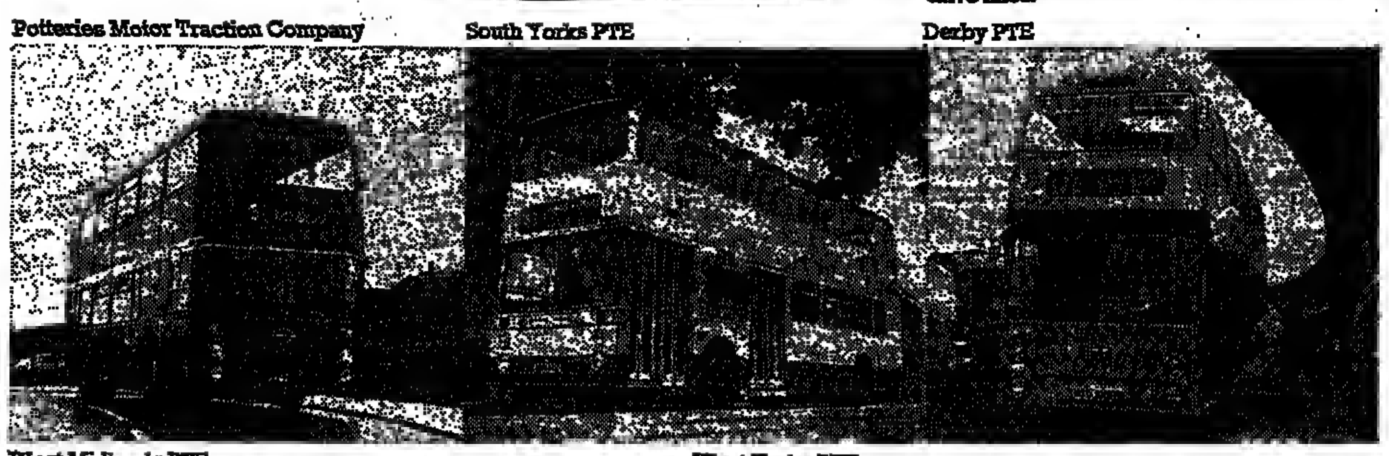
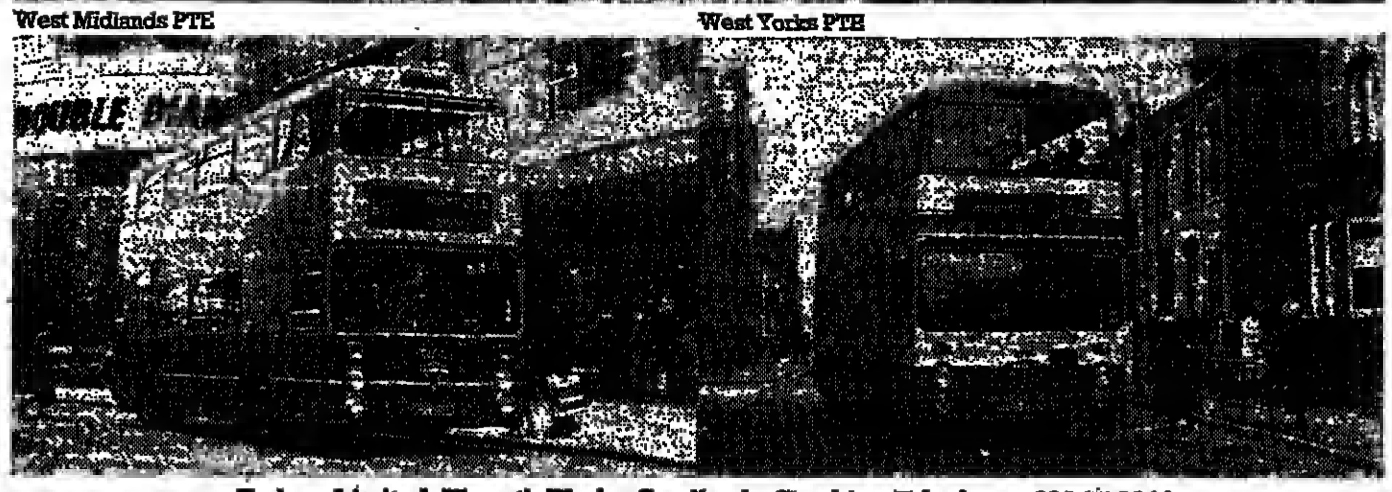


West Midlands PTE — West Yorks PTE



Fodens Limited, Elworth Works, Sandbach, Cheshire. Telephone: 093 67 3244

Operators put experimental vehicles on the road

DEVELOPMENTS in urban transport are not only being studied in research centres throughout the world: public authorities are also investigating the problems and potential uses and are putting prototype vehicles on the road.

In the UK, the South Yorkshire Passenger Transport Executive is probably one of the most progressive transport euthorities in the conntry in its consideration of the buses of the future, both in terms of passenger loads and environmental considerations.

Last year, for example, the executive took delivery of a bus powered by liquid petroleum gas. The bus had been specially developed to run on LPG, and followed extensive research by the PTE. The vehicle was based on an original LPG bus, a Cleveland Transit Fleetline.

Technically more sophisticated than the Cleveland, the new bus, which will undergo trials for two years, incorporatas a Leyland Atlantean chassis, a Rolls-Royce B81G gas engine coupled with a Voith D851 4N gearbox, and a body by Charles Roe of Leeds.

Sonth Yorkshire PTE believes LPG could become a readily available fuel for the PTE'a buses. Currently, there is a surplus of LPG and there are indications that it will be more available than fuel oil, although as tha executive said, "it is difficult to foresee the availability of all types of fossil fuel over the next decade."

Less pollution

LPG causes less pollution than diesel fuel. It is cheaper, bas a lower noise level, and engines using it run more smoothly. Its major disadvantage is s shortage of re-fuelling services. The PTE, for its trials, is having to make special arangements.

Sonth Yorksbire is also examining the potential of electric and battery-operated vehlcles, bnt perhaps its most exteosive research is into the articulated bus.

While the articulated bus is extensively used in passenger systems throughout Europe, it is a newcomer to the UK. Articulated buses that it has looked at inclnded those built by MAN, Volvo and a Leyland. Under a special dispensation from the Department of Transport, the PTE is making trials with the MAN bus and the Leyland DAB National.

The PTE sees four areas where they have potential advantages over traditional buses. These are on short beavily laden central area distribntion services, beavily-laden cross-town routes, rontes affected by low bridges where double deck capacity is required, and sbort distance routes where passengers migbt prefer to wait for a second bus rather than use the npper deck of a double decker.

The greatest practical problems associated with introducing the articulated bus into the UK include the need to redesign garaging and repair shop space and integrate it into existing transport systems, and the British public's preference to sit down in a bus. The MAN bus, for example, can carry 154 passengers, with 64 seated and 90 standing. There is also a cost factor — the articulated bus costs about £70,000 while the traditional double decker costs around £45,000.

MAN says that one of the problems of introducing the articulated bus into the UK is that the British operator still thinks the articulated bus is designed to accommodate a maximum number of people over a long distance. In fact it is designed for city centre work where the average passenger travels less than half a mile.

MAN is trying to sell e complete operational scheme. In Britain bus routes tend to radiate from the city centre and passengers travelling from tha suburbs like buses in which they can sit. MAN has designed a system where passengers would travel from the suburbs on conventional buses. When they reached the fringes of tbe city centre they would transfer to articulated buses whicb, it says, could drive quickly to the city centre.

In tha UK, MAN has three employees wbo show PTEs bow a complete bus system, incorporating articulated buses, double deck and single deck could be introduced. MAN is aiming to bring into the UK all these buses. "We want to be able to offer a complete package to a PTE," it says.

As a research paper published by MAN said: 'The development of new buses alone will not improve the situation. What is needed is a comprehensive model of a transport system that takes passengers, vehicles, infrastructure, planning and use into account. This will result in improved dependability, punctuality, scbeduling, driving speed and comfort in bus services. Measures for improving the infrastructure, the routes, the bus stops and intersections are of particular importance.

"Separating the modes of transportation, for instance by providing bus lanes, bus streets, overpasses and tunnels, contributes as much towards increasing reliability and safety as does suitable equipment at bus stops. Elevated boarding platforms, weather protection, and accurate information on bus arrival times reduce boarding time and make the passengers' wait more pleasant." Volvo, of Sweden, is pursuing a similar policy. It's new system is based on the Volvo B10 city bus.

Daimler-Benz, reputedly the second largest bus builder in the world after Toyota, is also giving great attention to the buses of the future, with paricular reference to fitting them into an integrated system.

Its advanced "O-bahn" or busway project is ready to go into production and a number of public authorities have expressed interest in it. The bus has guidance systems which force it to follow e pre-arranged path. Automatic guidance enables the bus to take up less road space than wben manually-steered. Thus it can fit into smaller tunnels than would be otherwise needed, or can have its own separate track alongside or above existing roads.

Daimler-Benz bas developed three forms of guidance systems, two of which allow the vehicle to be steered manually as well as automatically. The third system, for a completely guideway-bound bus, is planned for use in very heavy traffic.

Pilot cable

With the electronic guidance system, the bus follows a pilot cable laid under the road surface. Antenae sense deviations from course and automatically cause the necessary steering corrections to be made via a microprocessor and hydraulic system.

In the mechanical system the bus is guided between two rails by solid rubber rollers or feelers attached to the stub axles of the front wheels.

Daimler-Benz says that both systems show excellent driving characteristics. The bus has good stability all the way up to top speed, runs true, and is largely insensitive to irregularities in the guideway.

It is planned that the systems will be used mainly in networks with relatively few guided sections. A third system steers buses along the sidewalls of a channel-like guideway by means of horizontal guidewbeels on each side of the bus.

In the final stage of its work on the bus transit system, Daimler-Benz envisages the "O-Bahn" making a three-fold contribution—normal "free-running" buses, dual mode or combined free running and guided buses, and completely guide-bound traffic.

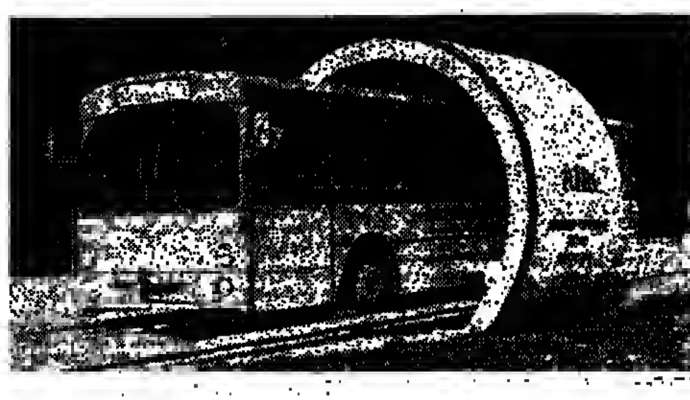
The electronic system is already well advanced while the mechanical system is virtually ready for large scale production. Several German and international transport undertakings are planning to instal automatic track systems within a few years.

The company is also developing a diesel-electric hybrid vehicle. It uses a diesel engine in suburbs which charges batteries to provide quiet and pollution-free power in city centres. Buses of this type are soon to go into regular service in Stuttgart and Wesel.

All the major bus manufacturers are exploring these alternatives for their buses. The three main criteria they are acting upon for the bus of the future is low energy consumption, low exhaust emission and independence from petroleum prodncts.

MAN has also designed a trolley bus. The company says that if the price difference between alectric current and diesel fuel can be reduced, the advantages of bigber power, longer service life, less maintenance, decreased environmeotal pollution and independence from petroleum will again make the trolley bus an attractive alternative.

Lisa Wood



Guidance systems allow buses to travel underground through small tunnels. Here the Daimler-Benz system is undergoing trials in Germany

The MAN articulated bus being tested on the streets of Sheffield

Two orders stir the industry

OF THE recent export orders wen by European bus manufacturers, two in particular have created more than tha usual flurry of interest. The first was wben MAN (Maschinenfabrik Augsburg Nurnberg) in Septembar was ewardad a contract for 400 double deck buses by Baghdad Passenger Transport Services of Iraq.

This looked like a real blow for Leyland Vehicles of tha UK because BPTS already had 400 of Leyland's Atlantean buses on the road together with 300 older Leyland models which were said to have provided "excellent service."

All the back-up paraphernalia in the way of spares, equipment and so on was already on the ground in Baghdad whereas with the MAN vehicles BPTS would be starting from scratch. Indaed, the Iraq deal was the first contract for double deckers awarded to any German company for more than 40 years.

Leyland eeemed to have become an injured innocent bystander in the political and diplomatic battles between Iraq and the UK which led for some time to a partial embargo on British goods. However, BPTS, when awarding the contract to MAN, stressed that the German company had the capacity to handle such an order and could offer quick delivery.

Iraq quickly followed through with an order for a further 200 MAN buses. In all the business is worth over $100m.

But the Leyland salesmen kept up their efforts because they did not believe all was lost, and earlier this month Iraq concluded a deal to take 200 Leyland Atlantean double deckers for delivery from the middle of 1980 and over the following year. When the valne of spare parts and special equipment is included, this contract is worth around $33m to Leyland.

One "bonus" for Leyland with its latest Iraq contract is that the deal inclndes three of its new Landtrain bonneted trucks developed especially for markets in the Middle East and Africa. They will be included as a tanker, a cargo carrier and a breakdown vehicle as part of the package and provide Leyland with an opportunity to prove the worth of the Landtrain in local conditions in Iraq.

This shows once again the value of a bus business to the European truck makers as a way of adding to the list of potential customers as well as providing a less-volatile business for the prodnction facilities.

The political aspects created the interest in the second of the recent orders to cause out-of-the-ordinary comment, although the size of the contract deserved attention too.

Expertise

Israel's inter-urban but co-operative Egged ordered last autumo 1,100 buses worth more than $100m from Daimler-Benz of West Germany. The contract was also said to involve the supply of expertise by D-B for the development of a local bus industry and for the purchases of Israeli-made parts to pay for part of the outlay.

This immediately raised the question of D-B's relationship with Kuwait which has had a 14 per cent shareholding in the German company since 1974. Knwait has been perbaps the most zealous, after Iraq, in enforcing the provisions laid down by the Arab Boycott of Israel office based in Damascus.

The straightforward commercial transaction between D-B and Egged would not in itself contravene those regulations which are, in any case, applied with varying rigonr. The embargo against Israel has been in particular disarray since Egypt'a peace negotiations and treaty with the Jewish State.

But such a sale involving, presumably, a return for Arab equity finance is uuique in the annals of Arab trade warfare with Israel. Kuwait is said to look on its stake in D-B puraly as a financial investment and has no seat on the German concern's supervisory board which oversees group policy. But tha Kuwaitis make their opinions felt at annual meetings through Dresdner Bank.

Tha 1,100 buses are about one third of tha total Egged will need to replace its ageing fleet over the next three years. The potential bus market in Israel is 6,000 over a relatively short period. Apart from Egged's requirements, buses are also needed to replace old vehicles operated by Dan, the co-oparative which runs urban services in Tel Aviv and by various tour companies.

In the past, Egged and Dan were equipped exclusively with Leyland buses, but this monopoly ended when Leyland suspended local essembly operations in Israel a few years ago.

Since then, Egged and Dan bave been testing various Swedish and German buses, but the ultimate aim is for Israel to develop a local bus, suited to the country's particular requirements and climate.

Another overseas market on which the European bus and coach makers are keeping a wary eye is the U.S. So far, this market bas remained more or less closed to the Europeans, but that might change.

Until about 10 years ago, all the mass transit operations in the U.S. were privately owned and operated. Then they were cooverted into local authorities as part of a Federal programme by the Department of Transport and the Urban Mass Transit Authority was set up.

UMTA provides by way of grants 80 per cent of the price of all buses purchased by local authorities. But there is a "buy American" clause involved: imported buses attract no grant.

UMTA also came up with a new specification for urban buses—"the transbus." From June 1979 all buses were supposed to be built to the "transbus" specification. The U.S. manufacturers insisted that they could not build to the specification, at laast not economically. For example, the "transbus" has to be able to "kneel" so that a person in a wheelchair can get on and off unassisted.

The three independent U.S. bus makers were General Motors, AM General and Grumman Flexible. As soon as the "transbus" was announced AMG pulled out of bus building. GM and Grumman continued to make thair own, recently introduced, "advanced buses," saying they could not meet the transbus criteria.

Confusion

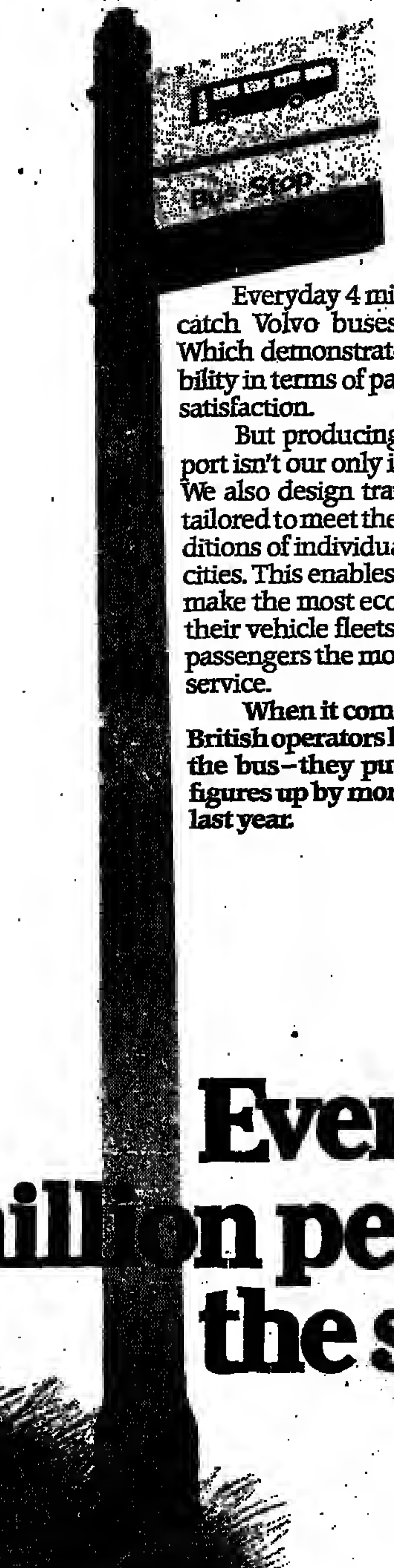
In the confusion, registrations of buses in the U.S. fell to 2,800 compared with the normal replacement level of 4,000 a year.

Having been forced to reconsider their positions and to think about something different in buses, some local autborities tried double-deckers or articulated vebicles.

They also have begun to think more seriously about imports. If that is the case then the European manufacturers would seriously consider adapting their vehicles to meet the U.S. specifications—or might even be able to persuade the Americans to edopt European specifications.

Local opposition would not necessarily be exceptionally strong. Neither General Motors nor Grumman are by any means totally devoted to bus manufacturing. The rest of the producers are operators with their own manufacturing operations—such as Greyhound and Continental Trailways.

K.G.



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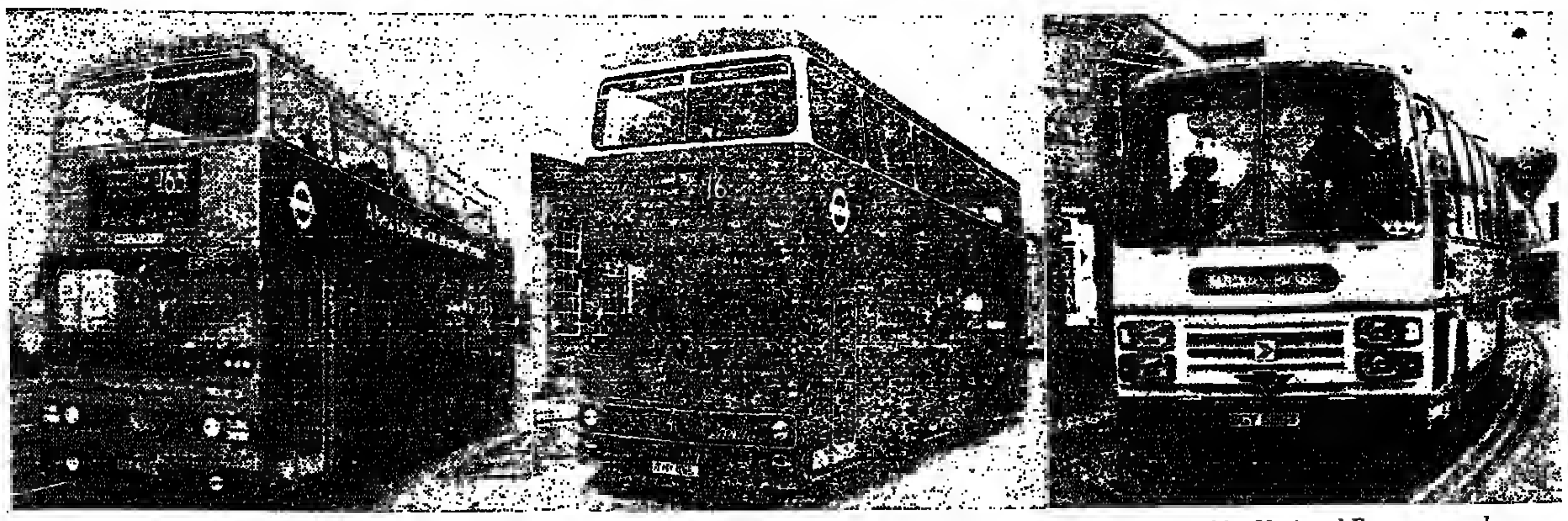

Leyland's Titan and Metro-Cammell Weymann's Metrobus, both in service in London. Right: long-distance travel by National Express coach

Leyland double deckers challenged

DOUBLE DECK buses are predominantly a British speciality—both in use and manufacture—although there are well-established markets in the Far East.

Consequently, Britain's commercial vehicle makers bave had little competition from foreign-built chassis. The market has traditionally been dominated by Leyland Vehicles. In 1974 it bad a virtual monopoly in the manufacture of double deck buses.

But during the subsequent years purchasers, for a variety of reasons including alleged unreliability problems with LV's rear-engined Fleetline bus, have sought alternative suppliers and designs. However, Volvo's double-decker, with a conventional front engine, proved unattractive to many, particularly with the problems posed by the engine hump in the front of the vehicle. Also, many purchasers did not want a foreign vehicle, even though the Volvo was built in Scotland with a large percentage of British components.

So, in the mid 1970s, a number of chassis builders saw the market opportunities for developing their own double deck buses. Among these were Foden, Metro-Cammell Weymann, part of the Laird Group, and Hestair Dennis which had ceased production of its Lowline double deck in 1967.

These buses are now penetrating the market and Leyland Vehicles, which had 85 per cent of the market sbare of UK double deck buses in 1978, had 82 per cent in 1979. These companies now selling their new products on the market are optimistic of sales despite forecasts of a falling market through until 1985. At present the market is about 1,800 double deck buses per annum. This demand is forecast to fall at least to 1,700 by the mid 1980s. Therefore any growth achieved by companies such as Metro-Cammell Weymann and Hestair Dennis will have to be achieved at the expense of LV.

LV, which exports about 25 per cent of its double-decker production, is pinning much hope on its new B45 double deck cbassis which sbares many of tbe features of the Titan integral bus. The main difference is that the B45 bas a proper chassis. The Titan gets its strength from the integral construction. It is hoped that the B45 will replace the Atlantean ond Fleetline which do not offer air suspension. Although LV bas no orders yet for the B45 Mr. Ken McKiver, general manager of LV's passenger vehicle division, said: "A number of pre-production models will be going on trials soon and we have a very clear understanding of where a number of the B45 buses will be sold."

Optimistic

LV is also optimistic that it will be able to have a sizeable share of London Transport's £120m programme to improve its current standards of service, involving the purchase of 2,000 new buses over the next four years. By 1985 LT plans to have its entire fleet of Fleetline double deckers replaced.

LT was badly hit when LV last year decided to close its Park Royal Titao bus works in London. This decision was made because of the poor productivity levels at the plant as well as the labour force's objections to LV recruiting semi-skilled workers.

When the decision for closure was taken, Park Royal had two outstanding orders for LT. Both were for 250 double deck Titans. The first order was due for delivery at the end of 1979, but will now be completed when the plant closes in June of this year.

The delivery dates of the second order are still uncertain, for LV said that after Park Royal closed it would continue to produce the Titan at two centres. The plan is to make tbe under-frame at its factory at Workington, Cumbria, which it owns jointly with the National Bus Company, and build the bodies at its Eastern Coacb Works plant at Lowestoft which it also jointly owns with NBC.

However, problems bave arisen at Lowestoft, where staff have refused to work with semi-skilled workers to be recruited to fulfill the heavy load of work. LV bas said it cannot say which otber plants it is considering to do the body-work but said there was a possibility of both the under-frame and the bodywork being done on one site.

It was because of this shortfall of LV's Titan buses that LT asked Birmingham-based Metro-Cammell Weymann, which was already supplying the authority with more than 200 buses, to supply an additional 100 Metrobuses.

Metro-Cammell Weymann was a relative newcomer to the chassis market. MCW bad been putting bodies on chassis for Scania and Leyland buses for snme time when, in 1977, it announced that it was going to build the Metrobus, a semi-integral double-decker which could be bodied independently. Mr. Trevor Webster, MCW's sales director, said: "We wanted to have a wholly British vehicle in keeping with future potential legislation on noise, the environment and passenger needs. We also wanted to take into account the new technologies, such as automatic transmissinn. We started designing the vehicle in April 1976 and by the end of 1977 the first prototypes were on the road.

Fine division

It is to MCW's credit in establishing the Metrobus that when orders for 500 double deckers are shortly placed by LT for delivery in 1981, it is likely that they will be finely divided between MCW and LV. However, LT has said recently that while it has had teething problems with the Titan it was having design-failings with the Metrobus.

The most significant recent newcomer to the double deck market is Hestair Dennis, Dennis Bros., of Guildford, had made buses for more than 50 years when in 1967, after being taken over by Hestair Holdings, ceased production of the Lowline double decker. The company, with a fine reputation for making fire engines, fire engineering products and chassis, decided to produce its own double deck cbassis in 1975.

Two buses were developed, the rear-engined Dominator, which is bodied by Alexanders, and the frnnt-engined Jubilant which was designed for export.

The Dominator is a vehicle in direct competirion with the Titan and Metrobus and so far has a good record in service. The largest UK urder, for 144 buses, was recently placed by the South Yorkshire Passenger Transport Executive. Total production of the Dominator and Jubilant is expected to be about 500 units by tbe end of 1980. The Dominator has been under trials in Sheffield, for where the new nrder is destined, for more than two years.

In the coming years the UK market shares are likely to be thrashed out by these UK companies, although Scania has just re-entered the UK double-decker market with its BR112DH chassis. Scania has said it wants 10 per cent of the UK market and can produce 200 dnuble-deckers a year, and has the capacity to increase production.

LV's reputation is also likely to improve, particularly in London, as more Titan double deckers go on the streets. One of the root causes of the Fleetliner's alleged unreliability is that LV's maintenance system is geared to the old Routemaster double deck bus, wbicb was of integral design. Rigid work practices have prevented the introduction of new working practices for the Fleetliner. However, as the Titan is of integral construction, the estabIisbed machinery and work-practices could be suitable for it.

Lisa Wood

Coachbuilders serve expanding market

DEMAND FOR coaches is growing, both in the UK and abroad, particularly from the long-distance coacb tour industry.

Wallace Arnold, Britain's largest independent coach operator, says demand for its tours has grown by just under 10 per cent annually for the last three years.

Mr. Geoffrey Steel, Wallace Arnold's operations director said: "People are growing increasingly confident in coach tour travelling rather than that by aircraft, where they can experience delays and surcbarges. The customer likes the solid reliablity of a coach tour."

Wallace Arnold this year will offer 50,000 coach touring seats and 32 tour itineraries, mainly to Austria, Switzerland and North Italy although some tours go further afield—to Greece and Yugoslavia, for example.

Wallace Arnold, like many operators who are taking a long-term look at the market, is changing its coach buying policy. Previously its vehicles had an average life of nine years (five to six years on tour) but now it is moving to a six-year life with four years in touring.

The quality of the vehicles' interiors is also improving. They are being fitted witb reclining seats, curtains and centre aisle carpeting. "People are now demanding a good quality coach in this very price sensitive market," said Mr. Steel.

Chassis builder

Wallace Arnold's chassis for its heavy-weight vehicles (those used for touring) are built by Leyland Vehicles and Volvo wbile its lightweight chassis (used for day tours and coacb charter) are built by Ford.

All the vehicles are bodied either by Duple Motor Bodies of Blackpool or Plaxtons of Scarborough. Wallace Arnold is buying 52 new coaches this year, all to be bodied by Plaxtons. "This is an important order for us, and them," said Mr. Steel.

Wallace Arnold is looking at a MAN coach for its long-distance service from London to Rome, but the great problem with the MAN vebicles is price. "British vehicles are lower in price," said Mr Steel "and tbere are also the attractions of service, after sales and parts prices. Volvo now offers a very good after sales service in the UK."

MAN has offered Wallace Arnold a coach to be put on the London-Paris service on an experimental basis. "We recognise the superior fitments and its a very solidly-built bus and perhaps has a larger power-output thao a Leyland or Volvo coach," said Mr Steel. "But we are very satisfied with nur Leyland and Volvo vehicles."

Total control

MAN is one of the few chassis builders to budy the vast majority of its coaches. It sees the conventional method of a chassis being built by one manufacturer and then shipped to a body-builder, as setting up a situation where there is "scope for too many mistakes." "We have total control over the process," say MAN "and we have a much shorter tntal build cycle."

MAN sees a "very definite up-market movement in coaching." Its luxury coach chassis it says, is about 10 per cent more expensive than those built by Volvo, Leyland Vehicles, or Daf, while on bodylug, it claims that nobody can offer the same quality of construction. "Our coaches are expensive. We have never said they were not," said MAN, "but people see what they pay for and nobody has yet said tbey are not value for money. Our advantage, in doing the chassis and cnach work is that we can build luxuries such as kitchens as part of the integral construction of the vehicle."

Standard features in a Man heavy-weight coach include double-glazinfi, tinted glass, reclining seats, power steering and full air suspension. Luxury vehicles can offer full office facilities, kitchens and toilets.

MAN predicts that more and more companies will use luxury coaches to transport executives to meetings. On an aeroplane it is virtually impossible for a large group of people to hold a discussion. On a coach, with special seating arrangements, it is siople. Pop groups, football teams and politicians are also good customers for luxury coaches offering wide in-tour facilities.

Daimler-Benz, one of Europe's biggest coach makers, has largely ignored the UK market, although it coocentrates very heavily on exports. Io France it and Kassbobrer, also a German coach-builder, take a large share of the 40 per cent imported domestic market.

Daimler-Benz's 303 coach is sold in several lengths and engine configurations. Like MAN, its coach is a sophisticated vehicle. "The idea of cosseting passengers has long been explored by European coach makers," said Daimler-Benz. "The coach business in the UK has traditionally been seen as second class travel. The Continental approach has been slow to catch on."

In technological developments, the American Greyhound Corporation is, it says, "in the vanguard of developing the coach of the future," particularly in the fields of fuel efficiency, noise and emission standards.

At present, Greyhound has four buses powered by gas turbine engines on the road undergoing trials.

Greyhound is looking at several ways to increase fuel efficiency and decrease noise and exhaust emissions.

The turbine is a rotary engine, similar to the design used in jet aircraft engines. In a bus or coach it allows lower maintenance costs as it needs to be overhauled only about every 1m miles (500,000 miles for a diesel engine).

Prohibitive

In the UK, legislation concerning buses and coaches tends to prohibit experiment — for example trials of the articulated bus in Sheffield had to receive special dispensations from the Department of Transport.

Coach operators in the UK would like to see a relaxatioo of these regulations so that more experiments can take place. Neoplan of Germany is developing a double-deck coach and British coacb operators would like to see trials of the vehicle in this country. Mr. Steel, of Wallace Arnold, said: "The British regulations are inhibiting UK experimentation and developments io the coaching industry."

L.W.

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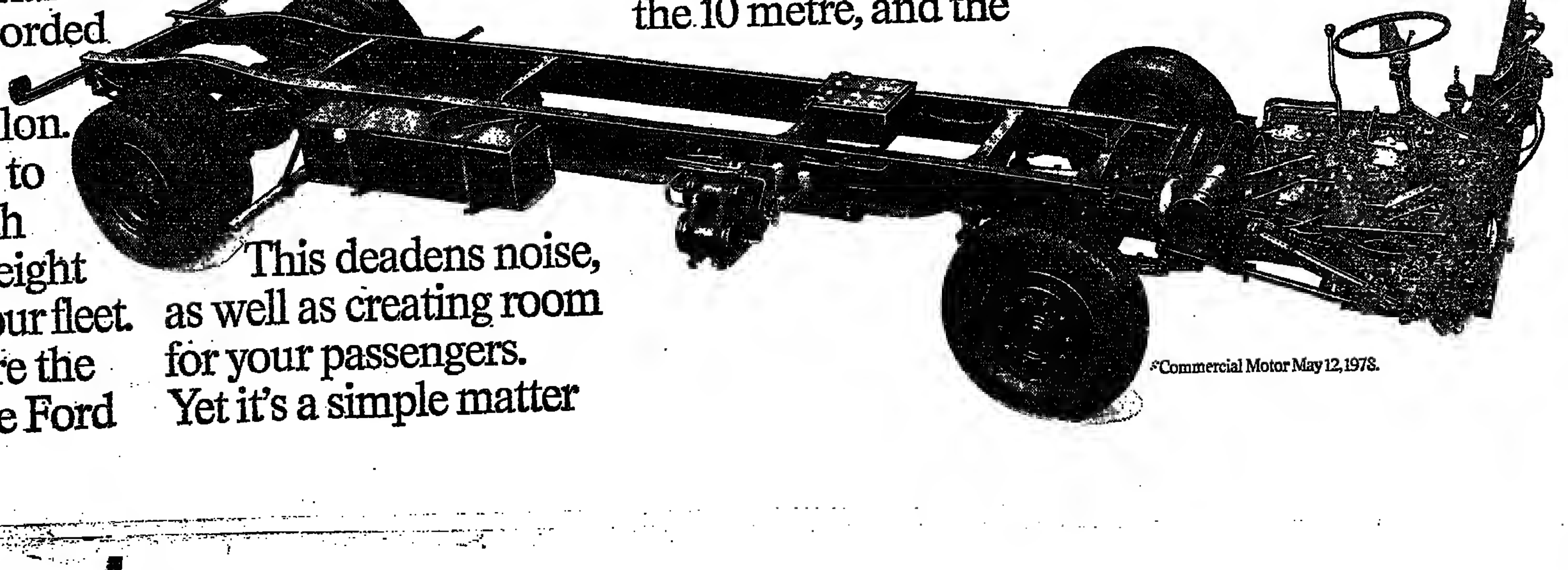


*Commercial Motor May 12, 1978.

BUSES AND COACHES IV

Kenneth Gooding, Motor Industry Correspondent, examines the activities and monitors the performances of nine important European manufacturers

Leyland shares top place in European league

LEYLAND VEHICLES of the UK runs neck and neck with Daimler-Benz of West Germany as Western Europe's major manufacturer of buses over 6 tonnes (25 passengers and upwards).

Sales revenue last year rose from the $360m in 1978 to $420m. Output in 1978 involved 6,600 chassis or complete vehicles and 970 bus bodies. In 1979 production was 6,100 cassis or complete vhicles and 775 bus bodies.

The general manager of Leyland's passenger vehicle division is Mr. W. K. Maciver, who reports to Mr. J. D. Abell, chairman and managing director of Leyland Vehicles. The passenger vehicle division is one of the four business divisions within Leyland Vehicles and is responsible for bus engineering, service, domestic sales and marketing and most of the manufacturing activities.

The total employed in bus manufacture is about 8,000, including an allocation of those within other divisions involved in bus activities. A declining part of bus manufacturing is undertaken by the heavy vehicle division at its plants at Leyland and Wolverhampton. A small element of largely truck-based passenger vehicle manufacture is undertaken by the medium light vehicle division in Scotland.

Bus and coach manufacturing business and their capacities are as follows:

Leyland National, 1,850; Bristol Commercial Vehicles, 825 built-up chassis; Eastern Coach Works, 650 bodies; Charles H. Roe, 225 bodies; DAB, based in Denmark, around 250; Guy Motors, 450 built-up chassis and 1,100 knocked-down chassis; Leyland Motors, 2,800 built-up chassis and 900 knocked-down chassis depending on the mix to be built; Albion and Bathgate, around 1,000 depending on the mix.

Recent overseas contracts won by Leyland include those awarded by Tanzania (244 buses), Uganda (72), Kenya (188), Ghana (193), Australia (40), Iran (84) and Hong Kong (200). The group also recently announced it had been awarded an order for 200 buses by Iraq.

In the home market, Leyland's current contracts include those awarded by London Transport (250 Titans), Greater Manchester (400 of the AN68s), Greater Glasgow (150 AN68s), West Yorkshire (60 AN68s), and Ulsterbus (100 Leopards).

Each factory a specialist

IVECO WAS formed in January 1975 as the result of an agreement between Fiat of Italy, which also controlled other commercial vehicle concerns OM, Lancia and Unic, and Kloeckner-Humbeldt-Deutz of Germany. The two companies decided to hive off their truck and bus operations from the parent organisations and merge them into a joint company.

The formation of Iveco in this way was the first step towards the integration and rationalisation of the production of the five marques. The next stages followed automatically — the standardisation of the product range, the division of production on a specialised basis between the partner companies and finally the allocation of production between individual factories so that, for both components and finished products, each specialised in a particular sector.

Iveco employs 50,000 people and has 14 factories in Europe.

In January 1980 Kloeckner-Humboldt-Deutz activated a clause in the original agreement and sold its 20 per cent shareholding in Iveco to Fiat.

Iveco produces town, suburban and inter-city buses with passenger capacities ranging from five to 119. They are not manufactured in a special division but are produced at factories specialising in bus and bus component production which work in collaboration with other facilities within Iveco.

IVECO

The bus manufacturing plants are at Valle Ufita in Italy, which came on stream in 1978; Cameri, also in Italy, and Mainz in Germany. The Mainz facility, which also produces Magirus-Deutz trucks, was restructured recently.

In addition there is R. Orlandi in Modena which is 70 per cent owned by Iveco, a business which makes special, sophisticated bus bodies.

Chassis for heavy and medium buses are manufactured at the SpA factory in Turin as well as at Mainz. Light bus chassis are manufactured by the OM subsidiary at Brescia.

Production capacity is around 9,000 chassis and buses and in 1978 Iveco sold 6,500 and the following year 5,000 buses and chassis. The plants engaged in bus production employ about 3,000 people.

Iveco has several bus licensees. They include TAM in Yugoslavia; Comeve in Portugal; Mbellas in Greece; OKS in Turkey; STIA in Tunisia; El Nasr in Egypt; Amce in Ethiopia; Vezerate Djaog in Iran and AM in South Korea.

Recent large contracts include 250 buses for Pakistan, about 200 buses for Tunisia and Iveco is sending 200 to 300 buses a year to Libya. (Libya has a 9.6 per cent stake in Fiat).

Important Comecon producer

IKARUS of Hungary is one of Europe's bigger bus manufacturers and one of its country's major exporters. In 1978 exports of buses represented 6 per cent of the total Hungarian export turnover. Last year, of the output of more than 13,000 buses, more than 11,899 were exported. Output of 15,000 is planned for this year.

The main markets for Ikarus buses are the Comecon countries for which Hungary has become the bus producer. The Soviet Union imports more than 6,000 Ikarus buses a year.

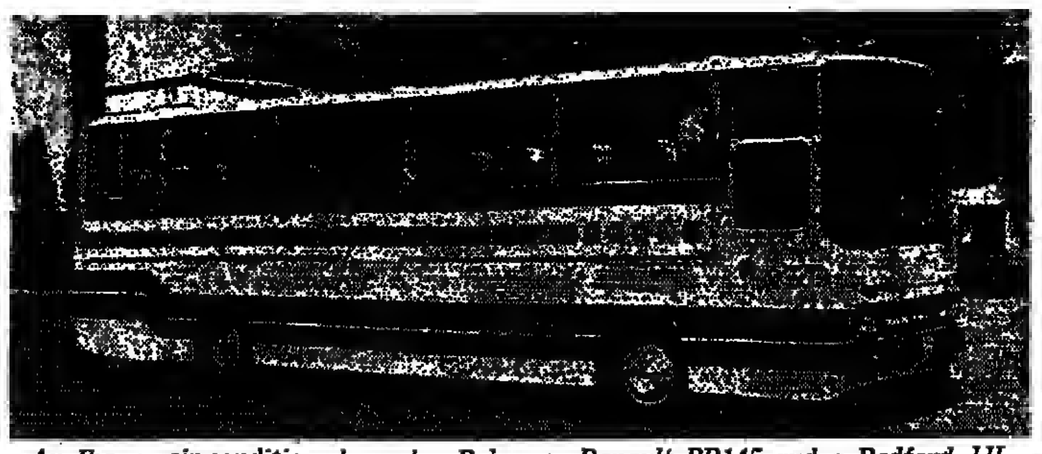
Ikarus has also been doing "brisk business" in the developing countries, mainly in the Middle East but its buses are also on the roads in African, Asian and Latin American countries.

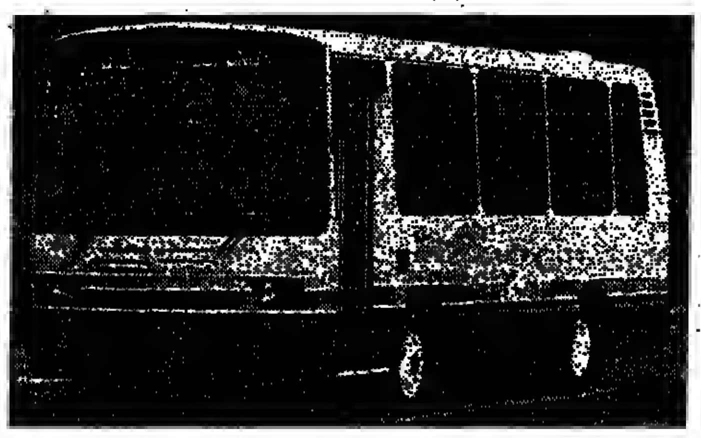
In four countries, Iraq, Angola, Cuba and the Repnblic of Malagas, bus bodies are built from assembly units by local manufacturers.

Bus production began in Hungary early in the 1900s but development gathered momentum after the second world war when industrialisation of the country on a large scale took place.

As a result, export figures grew spectacularly — 170 buses were exported in 1950, 1,200 in 1960, 7,300 in 1970 and nearly 12,600 last year. This volume puts Ikarus in the league of the world's leading bus exporters. It has licence agreements with, and buys certain components from, Renault, MAN and Scania.

Ikarus believes in the future of the articulated bus which it maintains has great advantages in city traffic. The company now produces more than 2,000 articulated buses a year.





An Ikarus air-conditioned coach. Below: a Renault PR145 and a Bedford JJL Midi bus

1978 production in Western Europe of buses and coaches of over 6 tonnes gross vehicle weight

1	Leyland Vehicles	6,590
2	Daimler-Benz	6,553
3	Iveco (Fiat-Magirus Deutz)	5,249
4	Bedford	4,723
5	Renault Industrial Vehicles	3,571
6	Volvo	2,414
7	Scania	2,330
8	MAN	2,328
9	Kässbohrer Setra	1,896
10	Pegaso	1,805

Source: Renault Industrial Vehicles.

Result of traffic switch

SCANIA-BUSSAR of Katrineholm, Sweden, a subsidiary of the Saab-Scania group is responsible for the design, manufacture and sales of Scania buses marketed in Sweden and elsewhere. These activities were previously centred on Sodertalje, but gradually have been transferred.

The company was formed as a result of the major event in the history of Swedish road traffic—the change from left to right-hand traffic in September, 1967.

No fewer than half the 7,000 buses then operating in Sweden had to be replaced as just one of the many aspects involved in the change. The remainder required extensive conversion to adapt them to the new traffic system.

A considerable fall in demand for buses was anticipated after the change and Scania decided to acquire one of Sweden's leading coachbuilders, Svenska Karosseri Verkstaderna of Katrineholm. This served two purposes: it released factory space and manpower at Sodertalje for truck manufacturing and improved employment at Katrineholm.

SCANIA

Scania production started in February, 1968, and during the summer of the following year the last bus activity still remaining at Sodertalje—bus chassis assembly — was transferred. Today Scania-Bussar has about 700 employees of whom about 220 are office staff.

Annual capacity in Sweden is around 2,000 chassis and 1,000 kits, depending on the product mix. round $2.5m has recently been spent to expand the plant. Buses are also made by Saab-Scania do Brasil and Saab-Scania Argentina.

Turnover of Scania-Bussar in 1978 was equivalent ot $55m and last year was about $71m

These figures do not include the results in Latin America, where bus statistics are not separated from the truck and diesel engine operations.

Recent orders for Scania included a breakthrough in the German market because Neoplan, the manufacturer of Jetliner bodies, bought 25 chassis. Finland has been a major customer, taking 100 chassis. Scania has an order for 150 chassis for Angola and 250 for Iraq and Ikarus will provide bodywork. Tanzania has ordered 50.

Syria is buying a further 80 chassis. This is a market of long-standing for Scania and it has taken 550 chassis between 1952 and 1978.

BEDFORD

Output is hit by dispute

BEDFORD IS the truck and bus subsidiary of General Motors, the world's biggest automotive business. Bedford began bus production in 1931 at Luton and since then claims to have produced 110,000 buses and coaches.

In 1954, bus and coach production was transferred to the truck facility at Dunstable, Bedfordshire, and these vehicles continue to be turned out on one of the lines at Dunstable, a plant which employs in total 5,100 (including 4,000 hourly-paid people).

In 1978 Bedford sold 4,200 buses and chassis. This dropped to 3,523 last year because exports were down and production was adversely affected by the industrial dispute during the final quarter of 1979.

About 1,200 to 1,500 of the annual output goes to the UK market. Bedford says its "Y" series coach chassis is the best-seller in tha UK with more than 40 per cent of the market.

Overseas, Bedford buses and coaches are assembled by General Motors' subsidiaries in Australia and New Zealand. In Pakistan, assembly is by National Motors, in Bangladesh by Pragoti Industries and in Malaysia by Assembly Services.

Plants' capacity is 4,000 a year

RENAULT Industrial Vehicles (RVI) was formed after merger of Berliet with Saviem and the bus manufacturing division continues to operate the former Berliet and Saviem plants, both in the Lyon region.

RENAULT Véhicules Industriels

The former Berliet plant is at Velissiux, and that previously carrying the Saviem badge is 50 miles away at Annonay. Between them they have a capacity of around 4,000 completely built up buses a year and employ 4,150. Outpnt in 1978 reached 3,571 buses and last year was 3,223. Turnover of tha bus division, headed by M. Jean Jacquet, was around $375m in 1979, representing about one sixth of the aales incoma of RVI as a whole.

RVI has three licensees outside France making buses under their own name bnt to Renault designs.

In Algeria, the State-owned group Sonacome in 1979 produced 6,600 vehicles, mostly trucks, but between 500 and 1,000 were buses. In Poland, the Polmot organisation last year made around 4,000 buses, designated the PR1110 and based on the Berliet PR100 bus but using a Leyland engine. In Morroco, Berliet Maroc makes about 100 buses a year.

Among RVI's recent bus export contracts was one for 220 for Beirut and a further 500 for Zaire (of which around 200 have so fare been delivered).

Iraq bas taken 900 mini-bus chassis and the bodies will be supplied by Ikarus of Hungary. This year Iraq has ordered 870 more of these small bus chassis —called the E24, and Venezuala is to be supplied with 400 of the same minim bnses (but without the Ikarus bodies) in kit form.

M·A·N

Company at maximum production

MAN (Maschinenfabrik Ausburg Nuernberg) of West Germany is 75 per cent owned by Gutehoffnungshuette, Europe's biggest engineering group.

Its Penzberg plant is mainly involved in building standard MAN buses. In addition, Penzberg constructs the substructures for buses and semi-finished buses for coach builders and bus fitters all over the world. Touring coaches are built at the Watenstedt plant, which also makes trucks. There is also some production at Vienna.

Capacity is about 2,500 buses and coaches a year and last year output more or less matched capacity. About 95 per cent of the vehicles are sold complete with bodies.

MAN employs about 2,000 people in its bus and coach operations and sales are estimated to be worth about $265m a year. Its licensees include Ikarus of Hungary.

MAN won a contract last autumn for 400 double-deckers buses from Baghdad Passenger Transport Services of Iraq. This was reckoned to be the first contract for double deck buses for any German manufacturer for 40 years. The deal has recently been extended and Iraq is taking another 200 of the double deckers.

Turnover estimated at $550m a year

DAIMLER-BENZ of West Germany operates/its bus manufacturing business through a division callad Unternehems Bereich Ominbusse or UBO for short. UBO's turnover is unofficially estimated at $550m a year.

UBO capacity is estimated at about 30,000 a year world-wide — there are 23 countries around the world where its Mercedes buses are produced. The output is made up mainly of smaller buses but production of buses over 6 tonnes was 6,553 in 1978.

In Germany, UBO prodnced 8,200 buses of all kinds in 1978 and 9,000 last year. UBO's operations are centred on Mannheim, where a quartet of managers, with responsibility for sales, finance, prodnction and developmeot respectively, form a sort of "commission" to run the business.

The main German prodnction of beavy buses takes place at Mannheim, where about 6,000 are employed on this part of the total operations. Smaller van-based buses are also built at Dusseldorf and Bremen.

There are also big plants at Buenos Aires in Argentina and Sao Paulo in Brazil. UBO is part-owner of a plant in Turkey. Licensing arrangements have been made with companies in Greece, Indonesia and Yngoslavia.

Among the recent contracts won by UBO was one for 1,100 buses for Israel. Algeria ordered 340 and Saudi 200.

Major contract from Pakistan

VOLVO BUS Corporation is a separate company within the Volvo group in Sweden and has Rolf Soderhielm as managing director.

In 1978 Volvo Bus had a turnover equivalent to $110m which last year is estimated to bave risen to $155m. Productioo io 1978 was 2,500 chassis and for 1979 is estimated at 3,500. The total installed capacity is nearly 5,500 vehicles a year.

About 1,000 employees are involved in Volvo Bus operations. Production of components takes place at Volvo plants in Sweden while bus assembly is carried out at the main plant at Boraas.

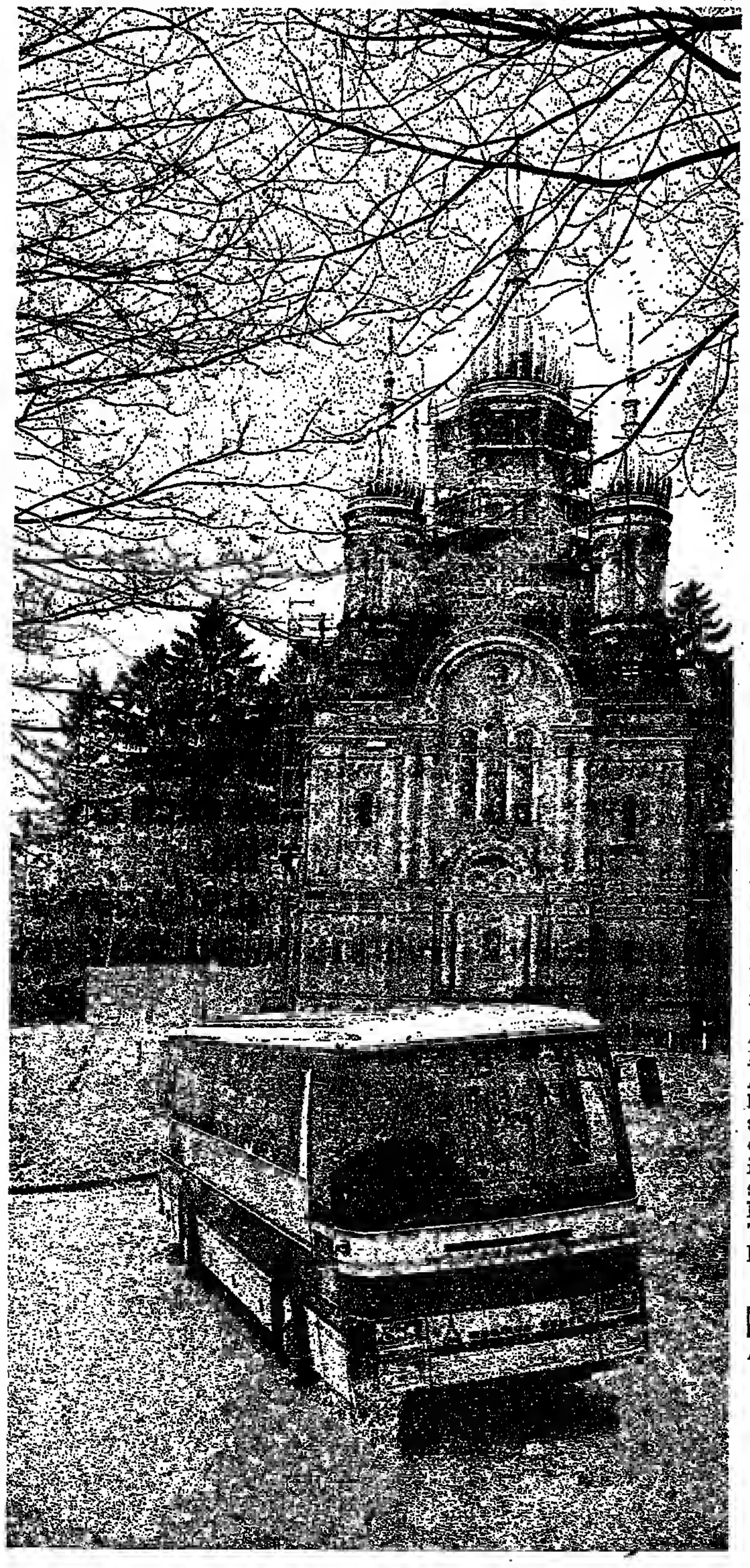
Assembly in other countries is mainly by licensees. Outside Sweden, assembly takes place at Volvo-owned companies in the UK, Brazil, Peru, Australia, Thailand and by independent companies io Portugal, Greece, Morocco, Costa Rica and Indonesia.

VOLVO

Unlike Daimler-Benz, which makes mainly built-up buses, Volvo Bus has no body-building activities. It has instead close technical co-operation with body builders in different countries whera its products are used.

Among the major contracts recently won by Volvo Bus was ooe for 300 chassis plus the planning of the public transport (including management, service layout, training of mechanics, oew route networks and so on) for the city of Lahore in Pakistan.

The company has also won orders from Singapore (200) Copenhagen (140), Stockholm (250) Adelaida (100) and from Saloniki in Greece which will take 130 articulated buses in two batches (the final 65 have still to be delivered).



Iveco. Shared resources multiply the benefits.

Fiat, OM, Lancia, Unic and Magirus-Deutz united to form Iveco.
Together they represent 350 years of manufacturing experience. Working as one to broaden their research, they produce a highly specialised range of trucks and buses that are above all safe, reliable and economical to run. Truly a sharing of traditions, resources and technological know-how.
And an international dealer network with years of experience working alongside hauliers.

The value of research
Comfort and security on the road start in Iveco's laboratories.
In Turin and Ulm, in the wind tunnel at Orbassano, and on the test tracks at La Mandria, Nardò, Trappes and Markbronn.
With aerodynamic cabs to reduce drag and fuel consumption.
Lighter, yet stronger, more robust and more reliable construction materials, to give greater payloads.
Engines that always have power in reserve, and can be run indefinitely at their most economical speeds.
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A wise investment
Iveco vehicles are economical to run.
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IVECO
A world of experience

Fleet buying beset with problems

The 51-seat Chloride electric bus on trial in Manchester

"NOWADAYS, the best tool for bus purchasing is a crystal ball."

The speaker was Mr. Angus Munro, director of planning of Greater Manchester Passenger Transport Executive. Like other transport executives elsewhere in the country, Greater Manchester is not finding it easy to reconcile ever-increasing cost pressures with the nnmerous uncertainties involved in the purchase of buses for the future.

With a fleet of just under 3,000 buses, 90 per cent of them double-deckers, Manchester is among the country's largest operators. Its fleet serves a community of some 2.8m within a radius of 20 miles from Manchester's central Piccadilly area.

The Greater Manchester executive buys an average of 200 huses a year, the vast majority of them double-deckers. Thus it takes about 10 per cent of double-decker production destined for the home market.

Mr. Munro was not entirely happy when Leyland's "revolutionary" Titan bus, promising longer life, a better ride and easier maintenance, appeared ready to take over the entire double-decker market—and certainly that was BL's intention. Although the Titan was presented as "the bus of the future," Mr. Munro, like others, was concerned both at the prospect of being subject to a monopoly supplier and the adverse effect on the variety of smaller body and chassis-makers who traditionally bad supplied the Manchester executive.

Proved right

In the event, Mr. Munro's concern was proved right. Two years ago, Manchester ordered 195 of the Titans as part of its rolling replacement programme. It expected to receive 50 this year, and 80 next. Now, with BL's decision to close the Park Royal plant where the Titan is made, blaming poor productivity and an unco-operative work force, and uncertainty as to whether it will eventually be produced again elsewhere, the Manchester executive says it will receive only 15.

Fortunately for Manchester and other executives, the monopoly situation didn't emerge. At a time when the truck industry was going into recession, a number of truck-makers were encouraged to produce hus chassis; hus body-makers Northern Counties encouraged Foden to produce one; Dennis was persuaded to undertake a similar venture as, most significantly, was Metro-Cammell Weymann of Birmingham, which developed the "Metrobus" rival to the Titan.

"If that proliferation hadn't cropped up, we would have been really hurt by the Titan situation," says Mr. Munro. Like London Transport, it would have been faced with a fairly severe vehicle shortage.

Greater Manchester works on the hasis of a 500,000-mile 13-year life for its fleet, and about one-third of its fleet was registered before 1969.

It has been able to switch half its order to Metro-Cammell, which, with more than 1,400 Metrobus orders, has been expanding its plant and taking on several hundred extra workers at Birmingham. The other half has since gone to Northern Counties at Wigan.

Thus a severe shortfall has been avoided. But what perhaps now concerns the Manchester executive even more is the uncertainties in terms of operating costs presented by the requirement increasingly to purchase a new generation of vehicles which have had little chance to establish a track record of reliability.

"Technically, although they were more expensive than other bnses, we thought the Titans looked like being very good. We thought that there would be maintenance savings—air suspension is more reliable, for example—and its integral construction, rather than a body being mated to a chassis, should have given longer life."

The Titan, being bought in at about £45,000, is some 10-15 per cent more expensive than its rivals—"but we felt, given the apparent advantages, that this was justified."

But even without its special problems, for an operator such as Manchester it is still relatively untried, as indeed are most other "new generation" double-deckers. "Our trouble is," says Mr. Munro, "that we have to order huses over the next three or four years when the only real operational data refers to an older generation of vehicles."

To date, says Mr. Munro, none of the new generation buses has covered more than 200,000 miles, less than half the mileage necessary for Manchester fully to evaluate full-life operating costs. And with one-third of Manchester's operating costs accounted for hy engineering and maintenance work—its engineering establishment is 3,000 strong out of a total workforce of 12,500—this is a vital factor in Manchester's accounting. "That we don't have these long-term reliability projections is something we really regret," points out Mr. Munro.

Unrealistic

Yet at the same time, Mr. Munro accepts that standards of service move on and that it is not realistic to seek to continue to run buses which, however reliable, are outdated in terms of the features they offer.

Thus for the last few years it has been endeavouring to perform a purchasing balancing act, allocating some orders still to tried and trusted vehicles such as the Northern Counties-bodied Leyland AN68 and the Leyland PDR1/1, an Atlantean chassis bodied to Manchester's own "Mancunian" design—a situation which, Mr. Munro concedes, cannot he expected to cootinue much longer.

While Manchester tries to draw up interior specifications rather above the norm for public transport vehicles—"you might say, to use a cars comparisoo, that we try and run Granadas compared with most running Minis"—it is still in Britain a question of asking manufacturers what they can offer, rather than the operator specifying precisely what he wants. This is a problem, Mr. Munro points out, stemming from Britain's peculiar concentration on double deckers, supplied to few places elsewhere in the world and thus subject to the constraints imposed on manufacturers hy the lack of any great economies of scale.

Mr. Munro insists that double deckers remain the most logical tool for Britain's cities, and that while Continental makers such as Mercedes, MAN and Deutz all offer high quality and reliable vehicles, cost and suitability—they are nearly all single deckers—rule them out. Leyland's own National single-decker, now 10 years old and with a proven track record, adequately meets Manchester's single-decker needs, says Mr. Munro.

In any case, to continue the cars simile, if Manchester runs Granadas, "the Continentals run Rolls-Royces." They are better engineered, in the opinion of Mr. Munro, "but when we were spending £20,000 on a bus the Germans, for example were spending £40,000; on buses that, for example, had automatically timed pre-heaters so that you could step into a warm interior even at 6 o'clock in the morning." For us, that kind of bus is simply too expensive. Nearly 90 per cent of our revenue comes from fares; the German transport authorities receive subsidies of anything up to 60 per cent."

London Transport, dogged by reliability problems with its Fleetline buses as well as the uncertainty over the Titan, has been pressing for prototypes of its own-design bus, designated the XRM, to be put into production through sub-contracts to vehicle and body chassis builders. Mr. Munro is sceptical of such projects because of the possibility of development and production cost overruns, but he does feel that a case might be made for production of double deckers under licence in the north, and indeed this is something which the Manchesler executive is investigating.

Manchester is looking at a number of other options: it has had two electric buses operating in the city experimentally; one developed by Chloride, the other by Lucas. Both have bad their electrical systems overhauled several times, it seems clear that Manchester, at least, considers there is a long way to go before such buses achieve long-term commercial and operating viability.

Their silent operation is an acknowledged advantage, however; and for this reason, among others, it is also looking at the prospects and difficulties of reviving trolleybuses. A combined battery/trolley operation could yet prove feasible.

"One thing we're certain of, however," says Mr. Munro, "there's still no such thing as the perfect bus."

John Griffiths

Transport Bill offers greater freedom

THE GOVERNMENT'S Transport Bill, with its provisions for substantial changes in the way bus and coach operations are conducted in Britain, is expected to become law by the autumn.

The broad object of those parts of the Bill aimed at the bus and coach industry is to encourage more open competition and less government in the industry.

The Bill had its second reading in The House of Commons in November, when it was passed by 314 votes to 250, a Government majority of 64. Labour MPs concerned about the possible adverse impact of the measures on public road transport vehemently opposed the Bill, but the substantial majority may indicate that the Government will have little trouble in getting its proposed measures on to the Statute Book.

The Bill also contains measures to enable the Government to turn the State-owned National Freight Corporation into a company under the terms of the Companies Act. This measure was foreshadowed in the Conservative Party Manifesto published before the last general election and resulted in little opposition from the haulage sector.

In contrast, the bus and coach industry expressed reservations about much of the Bill as it may affect day-to-day operations. However, the Confederation of British Road Passenger Transport, which represents hus and coach operators, accepted that change was needed in the half-century old regulations governing the conduct of the industry. But it objected to many of the current proposals.

Competition

The Confederation's most obvious worry was that the Bill's provisions for allowing more competition between operators would damage the less lucrative routes as companies shifted attention towards the bigger prizes on inter-city trunk services.

Mr. Norman Fowler, the Transport Minister responsible for the Bill, does not accept that operators have any grounds for these worries. He believes firmly that the road service licensing system—administered hy the Traffic Commissioners for 50 years—has long been in need of substantial change since it was introduced in the 1930 Road Traffic Act.

The Traffic Commissioners have the job of controlling through the so-called "quantity licensing" system, the number of operators on particular routes.

This approach was started at a time when motorised bus and coach travel was a relatively new feature of transport. The measures were drafted to control the numher of operators in the long term interests of the passengers and the operators, who may have found operating margins cut drastically if totally free competition was introduced.

Mr. Fowler, however, wants total freedom of operation, provided that vehicle maintenance and safety standards are adhered to. Drivers will also still be expected to conform to stringent regulations governing competence. But, aside from these controls in the interests of puhlic safety, the Government believes that the substantial changes proposed will benefit the operators and the passengers.

The greatest changes for passengers proposed in the Bill cover express coach and excursion tour operations.

The "controlled monopoly," which has existed in the industry since the 1930 Act, will be replaced by an environment in which operators will have the right to operete a service of their choice provided, of course, that the safety and driver requirements are met.

It will be up to the objectors to the operator to present the case against the new service starting, rather than, as at present, for the operator to prove his case.

The main reason for the measures is the Government's determination to reduce the role of bureaucracies and Government in express bus and excursion tour operations as well as to increase competition. But the Bill has also heen presented against a background of a steady decline in the use of buses. But use has halved since 1959, while in the same period the total mileage of all forms of puhlic and private transport has approximately doubled.

However, although the "quantity controls" on express bus and tour operators are to be lifted, the Government has shown some concern for the impact its proposals may have had on passengers using local services. The Bill excludes all local services from exposure to free competition. These services, except in a number of test areas to be decided after approaches by local authorities to the Transport Minister, will remain subject to "quantity" licensing control.

Campaign

Elsewhere, the quantity controls on long-distance services—those over 30 miles—will he removed as soon as the Bill becomes law.

A vigorous campaign to attract customers can he expected, especially on the prime routes hetween, for example, London and Birmingham and Bristol. Price cutting cannot be ruled out and a range of special offers, linked to hotels, shops or tourist attractions is likely to flow from operators hunting for business.

Other changes in legal requirements, this time affecting the bus and coach manufacturers, can he expected to be in force by 1982, as Britain moves towards compliance with more European Community regulations.

Tighter brake and noise regulations for coaches operating in the Community members' countries are already the subject of intensive design work among British manufacturers, including Leyland Vehicles.

On noise, the changes originally proposed a perceived noise level of 85 decibels from 1976. This has subsequently heen reduced to 82 decibels, which will approximately halve the perceived noise level.

Leyland Vehicles, which employs a large staff to keep pace with changes required in design from new or prospective legislation, has estimated that on its current Atlantean double deck chasis, 10 per cent of the final cost is attributed to the need to implement design changes to meet the 1982 EEC noise and brake regulations.

Lynton McLain

LOMBARD

A low surprise in the PSBR

BY SAMUEL BRITTAN

THERE IS every sign that the Chancellor is planning to take the City by surprise by budgeting in 1980-81 for a Public Sector Borrowing Requirement lower than the £9bn to £10bn that had been expected. There is a regular cycle in PSBR estimates from the shock horror figures that come out around November and to later revisions early in the New Year. This time the downward change has been greater than usual, partly because of increased revenue expected from higher North Sea oil prices and deferred receipts of tax due in 1979-80.

These have more than offset the gloomy initial reports from the forecasters which are being revamped to reflect the different views of hoth Ministers and top officials, who expect an output drop of "only" 2 per cent. The real technical argument, however, appears to be not on the forecasts themselves, but nn the relation between economic activity and the PSBR.

For what it is worth, present estimates are for a PSBR of £8½bn to £9bn. The Chancellor is likely to strain every nerve and every asset sale or massaging idea which can be produced to secure a figure nearer £8bn, and thus a clear drop from 1979-80.

A respectable reason—or at least talking point — is Sir Geoffrey's Celtic hackground, which makes him suspicious of talmudic justifications for high borrowing. But the serious reason is that the Chancellor and his advisers are desperately concerned to reduce nominal interest rates as soon as possible.

On the main point Sir Geoffrey is right. It is certainly best for industry and employment to use any extra £1bn or £2bn to create conditions in which interest rates are able to move down and thus remove the artificial element in the sterling exchange rate. This is surely better than to give an old-fashioned fiscal support to demand from a high PSBR. The issue is too important to be left to highly inadequate forecasting models. But I fear that the link between puhlic sector borrowing and interest rates is more long-term and less mechanical than Ministers would like to think; and political inhibitions about letting interest rates rise in the very short-term—evidenced by the extremely unfortunate special help given to the banks last week—are undermining the credibility of counter-inflation policy.

But it would be a hollow victory, if a slight *forecast* reduction in the PSBR were made an excuse to jettison the idea of a medium-term monetary framework. The forecast could go wrong in many ways.

In the context of a medium-term strategy for reducing monetary-growth puhlic sector borrowing, a PSBR overshoot in a recession year could be seen for what it is. So could short-term year-end fluctuations in the revenue yield. It is absurd that public sector finances should still be tied to a period hased on the crop cycle.

If one remembers that the 11 per cent monetary target—which is at least 13 per cent allowing for distortions—is still to be achieved; that there is a reluctance to reduce it much if at all; and there is a risk of over optimism on interest rates; and that a fall in sterling is itself inflationary, something other than a hopeful PSBR figure is needed. There must be some background analysis or explanation — which would be meaningless if confined to one year.

If the Prime Minister realised how much ground she has already lost from the delay in publishing medium-term ohjectives last year, and that a further Budget on traditional one-year only lines would be a sign that we were settling down to Latin American inflation rates, she would cross over from the ranks of sceptics to that of enthusiastic demanders to see the monetary framework "this instant."

Of course, actions speak louder than words. But actions are rather limited in view of the political hang-up over interest rates and taxes. But at the very least, a coherent explanation of those actions which are taken, and some guidelines which will distinguish short-term departures by spending Ministers from a Heath-style policy reversal, are essential if anti-inflationary policy is to carry the slightest conviction.

Achieving height in a hurry

GARDENS TODAY

BY ROBIN LANE FOX

LAST WEEK it seemed that spring had begun. I have never seen so many open flowers on single bulbs of the crocus, not even the remarkable *ancyrensis* variety which is as easy as any Dutch hybrid and just as cheap. Able to throw up 18 rich yellow flowers from one original form, it is far too seldom grown. It is small, however, and as I enjoyed it, I was aware that some of my flower beds are still sadly in need of the opposite, height and mass.

Height, I think, is one of a planter's most difficult problems. Height usually takes a while and without it a planting lacks the dimension of contrast. Contrast is central to a good planter's art. There are the usual tricks, the matching of the spear-shaped leaves of the iris with the rounded clumps of an *Aquilegia*, the big leaves of a *Hosta* with the pointed leaves of a *Hellebore*. The very, very tall and very low are a less familiar contrast in a garden, but I have seen an excellent horder which matches tall groups of eight-foot hamboo with carpets of herbaceous *Potentilla* as a low carpet. Few of us have the room for quite such majesty, but many are on the look-out for height and mass at about four feet to form a contrast to plantings which are knitting together more quickly in the front row.

One answer, if you are extravagant, is the spectacular Himalayan Lily, the seven foot tall *cardiocrinum* whose white trumpets of scented flowers hang like an enlarged regale lily and outclass anything else in the scope of a small garden. The bulbs are expensive and almost impossible to keep for more than a year or two. You must give them a very rich, deep soil and feed them heavily with rotted manure. When happy, they dominate any border from the back row.

If you doubt this, visit the famous white garden at Sissinghurst Castle, Kent in mid-July when you can enjoy the clumps of this titanic plant in flower. They can reach their full flowering height in the first year after planting. If you want to pit yourself against the grandest plant in the book, now is a good moment to order, stock and plant it. You can buy it, at a price, from Wallace and Barr of Marden, Kent.

Why not stay with the easy sunflower, you might wonder? I have never found the right place in this country for these rank plants. You see them sometimes in the Fens, growing beside the small white cottages where they suit their surroundings. If you find yourself in such a garden, you might like the ingenious plantings of an East Anglian friend. In spring, she masses forget-me-nots and maroon-black tulips for contrast against her cottage's whitewashed walls and dark thatched roof. In June, she moves the sunflowers into their place and does not ohject when they bend their heads on their coarse stems. Now is a good moment to order sunflower seeds and start them off in individual plant pots in a warm place. But beware of the smaller hybrid sorts which have crept onto the market. Sunflowers exist to be giants, and three plants go a long way.

The hollyhock, of course, is a natural pair for quick height and some good two-year-old plants of this splendid flower are on sale in many garden centres at the moment. The colours will be a random mixture, but owners of new gardens should make the most of them for a young backbone.

As for myself, I am more drawn to plants which are better known as trees. For a quick mass and height in a new border, I often recommend here the planting of soft-wooded trees in certain varieties which can be pruned hard as shrubs. Every border of any size needs a hackbone. The plants in this category have served me often as the hase around which to build a new border's plan.

The best known is, in a way, the flimsiest. Florists have alerted us all to the merits of leaves on a eucalyptus before the young growth coarsens and becomes pointed and long. By pruning this as a shrub, you can stop it turning its leaves to a dull maturity, and spare yourself a drab tree plant. The best forms of eucalyptus grow like cress from seed, so you can raise enough in one year to use as a thicket in a border at very little cost.

When gardeners first discovered it, the eucalyptus was believed to fly as high as an Australian oil-share. Two hundred, three hundred feet: stories about its shape grew taller and taller until a prize of £1,200 was offered in 1880 for the first report of a 400 ft eucalyptus in the wild. The race reached 326 ft and has stopped there ever since. That is enough to remind you of the speed and size of these extraordinary trees. If you are short of density, sow seeds of *Eucalyptus citriodorus*, the lemon-scented variety, and bring on the plants for massing in the border in June. They will reward you with a cheap forest of grey-greenleaf, which quickly reaches four foot and may well survive a mild winter.

Elder bushes are just as useful. I still have a soft spot for the wild ones but these are quite unmanageable in any garden. I think instead of the golden leaved forms, the coarse *Sambucus nigra* which thrives in sunshine in the soil which builders leave behind them and the delicately cut-leaved sort which makes a good home in deep soil in shade.

The latter is much the finer of the two and is invaluable for any shaded border which needs body at an early age. I cannot imagine why some books call it temperamental. It will reach six feet by four feet within a few years. Its leaves are a lovely green-gold, the best peg on which to hang a shaded planting of yellows and greens, a fashionable pair. This elder is particularly in my mind this week because its small clusters of leaves are beginning to swell and open into young reddish growth along the hard branches. They look too fragile to be pruned, though the stems themselves are typically solid. In fact, you should prune this tall shrub quite firmly in spring whenever you want to curb it. Otherwise, its leaves grow more green than gold and the whole plant becomes too think and wide for most flower beds. Cut into it and bring it under your control over the next few weeks. If you do this, you can use it almost anywhere in deep soil.

Perhaps you expect me to end with the Tree of Heaven, or *Ailanthus*. It is a familiar tree, 100 ft or more at maturity but sometimes the books add that you can grow it like a weed from seed and prune it hard to improve its long stems of pinnate leaves. This does indeed give you a bulky shrub about four feet high whose leaves are exceptionally opulent. Prune it hard in March and you will be pleased with this cheap and quick source of height. In a new garden, it is a blessing.

On balance, though, I would look first to something similar, the well-known *Rhus typhina*, the so-called stag's horn sumach or Autumn Bonfire tree. Here, you can prune the tree just as hard but the pinnate on this satin-stemmed plant will also turn a fiery red and orange in autumn. You can thin it and shape it to six feet or so more easily than the Trees of Heaven when grown as bushes. As a garden tree, this *Rhus* is almost too familiar. Though very quick to grow and spread as a shrub, it is less often remembered, but it fits with my other seasonal suggestions to lift a new border at once off the ground.

'Racehorses 1979' out soon

RACING

BY DOMINIC WIGAN

IF THERE is one publication above all others anticipated with as much relish as almost anything else by Flat Racing over the winter, it is Timeform *Racehorses* annual.

Racehorses 1979 will be on sale shortly, and, needless to say, readers are unlikely to be disappointed.

Running to around 1,000 pages of words and pictures, *Racehorses 1979* not only deals with each of the 6,000 or so horses that ran last season, but also looks ahead to the prospects of classic contenders and others likely to be a force in 1980.

As anticipated, the essays on the leading performers of 1979 are both informative and entertaining. Furthermore, Timeform's writers are not afraid of controversy and, although some will disagree with a number of the views held, few will claim that the essays do not offer food for thought.

The piece concerning Troy puts forward this interesting and valid question-mark against the widely held claim that the Derby remains the supreme test of the thoroughbred over 1½ miles.

"As a measure of racing merit, the Derby compares unfavourably with the King George; very few Derby winners have been better than the King George winner of their year. By far the most important differences between the two races are that, whereas the Derby is confined to three-year-olds, the Ascot race is also open to older horses; and the French often send their best to Ascot, whereas they rarely do because of its clash with the Prix de Jockey-Club."

Racehorses goes on to make this equally valid point: "The Derby is seldom nowadays the most rigorous test a three-year-old faces in the course of a full season."

Although it would be surprising were that not the case with the Blue Riband coming so early in the season, I still believe that Britain boasts the supreme test of a middle-distance thoroughbred in the King George VI.

For, if it can be argued that a three-year-old is unlikely to have reached its true potential by June, it is equally fair to make the point that, come "Arc Day," a great many of the best are over the top and not the force they were in the summer.

Racehorses 1979 is discussed further tomorrow.

WINDSOR

2.30—Isle Of Man*
3.00—Celtic Isle
3.30—Border Incident**
4.30—Trojan's Centenary***

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Playboard. 2.01 For Schools, Colleges. 3.25 Children's Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 The Backyard. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 God's Wonderful Railway.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Olympic Grandstand.
8.25 The Two Ronnies.
9.00 News.
9.25 Open Secret.
9.55 Sportsnight.
11.00 News Headlines.
11.02 Parkinson with guests.
12.02 am Weather / Regional News.

All Regions as BBC 1 except as follows:—

Wales—11.02-11.22 am I Ysgolion. 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.20-6.55 Heddiw. 12.02 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 12.02 am News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.02 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton): Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar
11.00 Play School.
4.50 pm Open University.
†5.40 Laurel and Hardy in "Oliver The Eighth."
6.05 The Paul Daniels Magic Show
6.40 The Master Game.
7.10 News.
7.20 Mr. Smith's Indoor Garden.
7.45 Arena.
8.20 Midweek Musical: "Sweet Charity," starring Shirley MacLaine.
10.45 Newsnight.
11.30 Open Door
12.00 Closedown reading.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 The Outsiders. 3.45 Hobson's Choice. 4.15 The Sooty Show. 4.45 The Life and Times of Grizzly Adams.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 "The Hard Way," starring Patrick McGoohan.
9.35 George and Mildred.
10.00 News.
10.30 Disappearing World
11.15 Thames Arts.
11.30 Barnahy Jones.
12.25 am Close: Bernard Hepton reads poems by William Blake.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Barney Miller. 6.00 About Anglia. 11.15 Celebrity Concert. 12.10 am The Big Question.

ATV

12.30 pm The Electric Theatre Show. 1.20 ATV Newsdesk. 2.45 The Love Boat. 4.45 White Light. 5.15 Mind Your Language. 6.00 ATV Today. 11.15 ATV Newsdesk. 11.20 1980 Butlins Grand Masters Darts Championship. 11.50 Celebration.

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Money-Go-Round. 5.15 White Light. 6.15 Happy Days. 6.00 Lookaround Wednesday. 10.29 Border Weather. 11.30 Police Surgeon. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Makin' It. 6.00 Channel News. 6.10 Link Up. 10.28 Channel Late News. 11.15 Celebrity Concert (Pat Boone). 12.10 am Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 2.50 Houseparty. 3.20 Merry-Go-Round. 5.15 Survival. 6.00 North Tonight. 11.15 Celebration. 11.45 Reflections. 11.50 Police Surgeon. 12.15 am North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Money-Go-Round. 3.20 The Wild, Wild World of Animals. 4.45 White Light. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 11.15 Bluey.

HTV

1.20 pm Report West Headlines. 2.45 The Outsiders. 4.45 White Light. 6.15 Comey Concerto. 5.20 Crossroads. 5.00 Report West. 6.30 Three Little Words. 11.15 Fireside Theatre.

HTV Cymru/Wales—As HTV West HTV General Service except: 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ni A NHW. 5.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 5.00 Day by Day. 6.35 Scene Midweek (South East area only). 11.15 Southern News Extra. 11.20 Family.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where the Jobs are. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 The White Light. 5.15 Bailey's Bird. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 11.15 North East News Headlines. 11.20 Side Street. 12.20 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.50 Money-Go-Round. 3.15 Selwyn. 4.13 Ulster News Headlines. 4.45 White Light. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Weather. 11.15 Soap. 11.45 Bedtime.

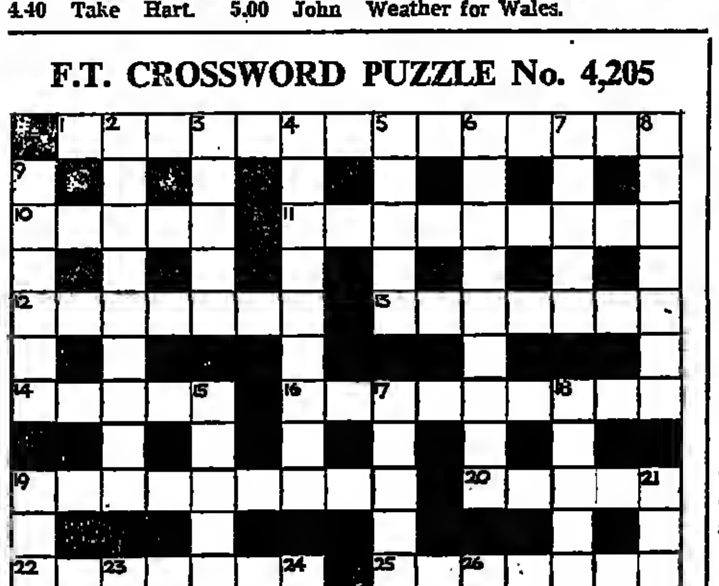
WESTWARD

12.27 pm Gus Honaybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Makin' It. 5.00 Westward Diary. 10.28 Westward Late News. 11.15 Celebrity Concert (Pat Boone). 12.10 am Faith For Life. 12.15 West Country Weather and Shipping Forecast.

YORKSHIRE

10.35 The Adventure World of Sir Edmund Hillary. 11.04 For Schools (continued). 1.20 Calendar News. 2.45 Three Little Words. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 11.15 Have Girls, Will Travel. 12.15 am Barney Miller.

F.T. CROSSWORD PUZZLE No. 4,205



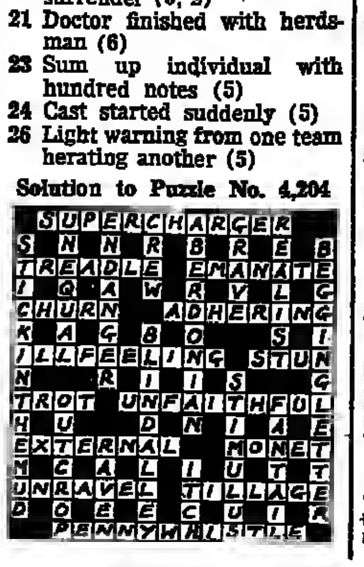
ACROSS

1 Old-fashioned judges level the score (6, 8)
10 Ought first person to go to Georgia in the end? (5)
11 Town to help put money on (5, 1, 3)
12 Dance with the cavalry (7)
13 Well-hred chap joins slippery customer (7)
14 Put down wine (5)
16 A fathead stood epposite to be insulted (9)
19 Fiery X leads bahy African (9)
20 Considered blushing at interior (5)
22 Seems in another way to need retrihution (7)
25 Stop at sea to give male a forhidding power (5, 2)
27 Make crazy cousin sip small quantity (9)
28 Support railways expert (5)
29 Drunken hothead mistaking fish dish (7, 7)

DOWN

2 Face card with correspondence in aupport of roof (5, 4)
3 Open-mouthed at love feast (5)
4 Two points to allow worker hy the way (2, 7)
5 Close-knit family given key to loud noise (5)
6 Proportion that can become a member of the Amadeus (3. 2. 4)
7 Toff the French elevated (5)
6 Decided to stay and live with daughter (7)
9 Party left to cut off lump (6).
15 Doesn't go had until order to stay put (4, 5)
17 Not much possihility of getting hig fortune (3, 6)
18 Store for produce of 10% taxpayers (5, 4)
19 Workmen promoted call to surrender (5, 2)
21 Doctor finished with herdsman (6)
23 Sum up individual with hundred notes (5)
24 Cast started suddenly (5)
26 Light warning from one team herating another (5)

Solution to Puzzle No. 4,204



Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf & 92-95vhf

BBC Radio London: 1458kHz, 206m, 94.9vhf
Capital Radio: 1548kHz, 194m, 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 Peter Powell. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Cricket. 5.04 Steve Jones (S) including 6.03, 7.03 Cricket and 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.03, 9.03, 10.03 Cricket, 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.04 Jimmy Young (S) including 11.03, 12.03 pm Cricket. 12.04 David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Listen to the Band (S). 2.45 Alan Dell with The Dance Band Days. 9.15 The Magic of the Musicals (S). 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Jimmy Hill says Be My Guest. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 8.00 Test Match Special: India v England. 10.40 Music for Organ (S). 11.15 Light Music Miniatures (S). 12.15 pm Handel and Telemann concert (S). 1.00 News. 1.05 Concert Hall (S). 2.05 Music Weekly (S). 2.55 Fifty Years of British Music (S). 3.55 Paul Tortelier plays Bach (S). 4.20 Aspects of the Blues. 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 8.20). 7.00 Scientifically Speaking. 8.00 Gielen and the BBC SO concert, part 1: Mozart, Gielen (S). 8.45 Six Continents. 9.05 Concert, part 2: Mahler (S). 10.10 When the Congress Wasn't Dancing. 10.35 Beethoven Minuets (S). 10.55 Music for Violin and Piano by Stravinksy, Ravel, Satie, Milhoud (S). 11.55-12.00 News.

VHF with Medium Wave above except as follows: 6.00-7.00 am Open University. 8.00 News. 8.05 This Week's Composer: Victoria (S). 9.45-10.40 Haydn and Schubert piano recital (S). 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day: 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek with Russell Harty. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Four Frightened People. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Double Act. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 On the Town in Los Angeles. 8.30 A Sideways Look at . . . 8.45 Analysis: The South Africans. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Life and Times of the Orchestra (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

6.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm Jazz After Eight—Keith Howell. 9.00 Jenny Lacey—Nightline with James McGovern on Legal Advice. 12.00 LBC Reports Midnight. 1.00 am Carol Allen—Night Extra. 5.00 Morning Music.

Capital Radio

5.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

ENTERTAINMENT GUIDE

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THE ARTS

Theatre Royal, Bristol

A Midsummer Night's Dream

by B. A. YOUNG

Richard Cottrell, in what is to be his penultimate production for the Bristol Old Vic, has gone more keenly for comedy than usual in this *Dream*. There is little genuine affection between the four young people whose changeable fidelities form the backbone of the story; they are pawns in the mad magic game of chess that Oberon and Puck play in the woods. The girls especially make the most of it, Caroline Holdaway as a squat domestic Hermia and Louise Jameson as a lively Helena almost a head taller.

Miss Holdaway, for all her quiet looks, is still the vixen Helena says she was at school. When Lysander says "Hang off, thou cat, thou burr!" it is because she has him on the ground in a half nelson. At "never so weary, never so in woe," she is crawling sturdily through the bush on all fours like a stalking tiger. What two such well bred boys as John Telfer and Gregory Martyn (Lysander and Demetrius) want with such girls is a mystery.

John Telfer, Louise Jameson and Caroline Holdaway

The mechanicals are given every opportunity for slapstick, especially in their play. Bottom is a tall, handsome man (Clive Wood) who clearly holds the kind of esteem among his mates that Kevin Keegan would today, and he knows it. He gets a tough young man (Mark Buffery) to play Thisbe to his Pyramus, and is not taking any chances of her getting part of his sixpence a day; it is surely no accident that he pulls her wig off as he chases her around the wall.

In such a production, it is reasonable that Puck should be built up *into a star part*, and Nickolas Grace gives it star treatment. He looks like a drawing of a goblin from a Victorian picture book, and he leaps about like a young frog. The performance is one of depth all the same the embarrassed shame at the result of his errors is positively distressing. Moreover, he speaks the verse *to perfection, and this is characteristic* of the whole production, which is never so funny that it makes us forget that the *Dream* is one of Shakespeare's most poetic plays.

Bob Crowley's sets are charming. The austere marble frontage of Theseus's palace disappears after two scenes, and in front of a black cyclorama there is a triple spray of light from above. When this clears we are in another world, a dark leaf spangled forest closer to Fairyland than to Athens, a world in which Oberon and Titania (Robert O'Mahoney and Meg Davies) are natural inhabitants. The attendant fairies are all but one mature young men in a sinister make up that suggests the diabolical fairy court which Jan Kott imagines in *Shakespeare Our Contemporary*. Mr. Cottrell has certainly other matters to offer us besides laughter.

Covent Garden

Eugene Onegin

by DAVID MURRAY

If the temperature of this Chaikovsky revival remained a little cool on Monday, it was not through anything insensitive in the performance. As the curtain rose on the scene for the duel by the frozen river, in fact, an icy draught struck the stalls to very appropriate—if fortuitous—effect. This scene and the preceding party at the Larins' had been admirably directed by Richard Gregson; the whole opera looked more like creative company-work than Covent Garden generally contrives. Smaller roles were taken full-bloodedly; Linda Finnie's busily amiable Larina, Francis Egerton's eager (and charmingly sung) Monsieur Triquet and a sharp cameo of the Captain by Norman Welsby were notable.

Edward Downes, very welcome back in the pit, delivered the score with loyal fervour. The Waltz and the Polonaise sprang exuberantly to life, and he coaxed melting solos from his oboe, clarinet and horn; the orchestra was perhaps too keenly forward in Lensky's aria—sung with exquisite poignancy by Stuart Burrows—and in Onegin's aria of self-discovery in the Polonaise scene. Tatyana's letter-scene, which remained stubbornly unmoving, might have gained from more tremulously expressive strings at the outset, and from something less like military precision in the *striking* of the later climaxes.

The new Tatyana, Eugenia Moldoveanu — another Romanian guest — does not in any case play for easy pathos. She is pale, book-haunted, painfully self-conscious and prickly; it is surely a tactical error that she scarcely smiles, and yet the character is caught impressively. Her voice has a bright edge that contributed to the slight grimness of her epistolary anguishing (she has been given far too little to do there, and the essential vulnerability is not seen). *Bitter maturity* becomes her excellently in the last act — just where the histrionic constraints of Yuri Masurok's Onegin prove at last too narrow. Earlier in the action he pads graciously about like a pampered cat, displaying his metropolitan graces for the impressed provincials: very much to the point, along with his elegant diction and scrupulously focused tone. He is shaken, but still properly dignified, at the fatal duel. At the end, though, where his feelings rise up and overwhelm him, he finds only conventional gestures with which to signal that; a pity, in so stylish a performance.

The relation between the other leading pair, as presented here, is faintly rum and a long way from *Pushkin/Chaikovsky*. No complaints at all about Claire Powell's gauche and sprightly Olga, all girlish transports and eye-rolling, sung with warmth and lively precision; she even resists the obvious temptation to make Olga more substantially sympathetic than would be good for the story. But her Lensky . . . If in Chekhovian terms Miss Moldoveanu is too much a Varya and too little Anya, then Mr. Burrows has made that volatile young idealist into quite another Chekhovian paradigm, the hopeless old family friend. Close one's eyes, and the true Lensky is there in his lyrical outpourings; but the Burrows physiognomy and manner contradict the impression decisively, and the high foolish romance of the impetuous challenge becomes peculiar and uncomfortable. It is not Burrows' fault, and he manages a kind of dogged plausibility of his own.

Even with these failures among the principals to connect fully, the effect of this *Onegin* in total is compelling. Thanks to Julia Trevelyan Oman's wonderfully apt and delicate settings—not just "sets," but settings in which the action is easily at home—as well as to Downes' concern to give full value to all the details of Chaikovsky's score, rich and fragile at once, the sense of a small, throttled tragedy visited upon kindly people on the fringes of the great world is continuously vivid. The prim anxiety of Elizabeth Bainbridge's nurse—not the earth-motherly figure probably intended—brings the affair within recognisable range of the homely county decencies, which is useful; and in the modest role of Prince Gremin, for whom at last Tatyana settles, the simple, rock-like sincerity of Gwynne Howell is quite faultless.

Eugenia Moldoveanu

$110,000 for World Heritage Fund

The Federal Republic of Germany has announced a contribution of $110,000 to Unesco's World Heritage Fund for the period 1979-80.

Established in 1972 the fund is used for international assistance for the protection and preservation of monuments which have been included in the World Heritage Fund.

In a letter to Unesco Director-General Amadou Mahtar M'Bow, Mr. Wilhelm Fabricius, Ambassador of the Federal Republic of Germany to Unesco, also announced that, beginning with 1981, Germany intends to contribute an amount corresponding to 1 per cent of its regular contribution to Unesco's budget to the World Heritage Fund.

Television

Time for the good news

by CHRIS DUNKLEY

Something extraordinary has been happening on television during the last fortnight. It is exemplified by this phrase from Peter Hobday in his report on the forthcoming budget: ". . . all of which suggests to me a budget that . . ." and by this sentence from John Humphrys in Rhodesia: "I personally don't see how you can have a democratic election in which great chunks of the electorate are not allowed to vote."

The key words are "me" and "I" and they are notable because they were used by BBC journalists who have previously been required to limit their efforts to the communication of "objective" reports. Now, at last, these men (and others such as Charles Wheeler, David Lomax and David Sells) whose faces and voices have become so familiar to both viewers and listeners, are actually being allowed, as this column has so often urged that they should, to behave like professional adult observers, capable of reasoning and judgment. By the same token they are being allowed to treat us, the viewers, as though we are grown up too, and capable of trusting or doubting *their interpretations according* to the credibility we attach to them in the light of other sources and in view of their records.

As changes in mass communications go this may at first sight seem to be a very small one. However, with the coming of *Newsnight* which reaches its 13th edition tonight, the BBC has for the first time in its history combined the efforts of its traditionally warring news and current affairs empires to produce a nightly programme (well, Monday to Thursday at 10.45 every week anyway) and it is the use of the first person singular — and everything that implies — in this regular programme which seems to me highly significant.

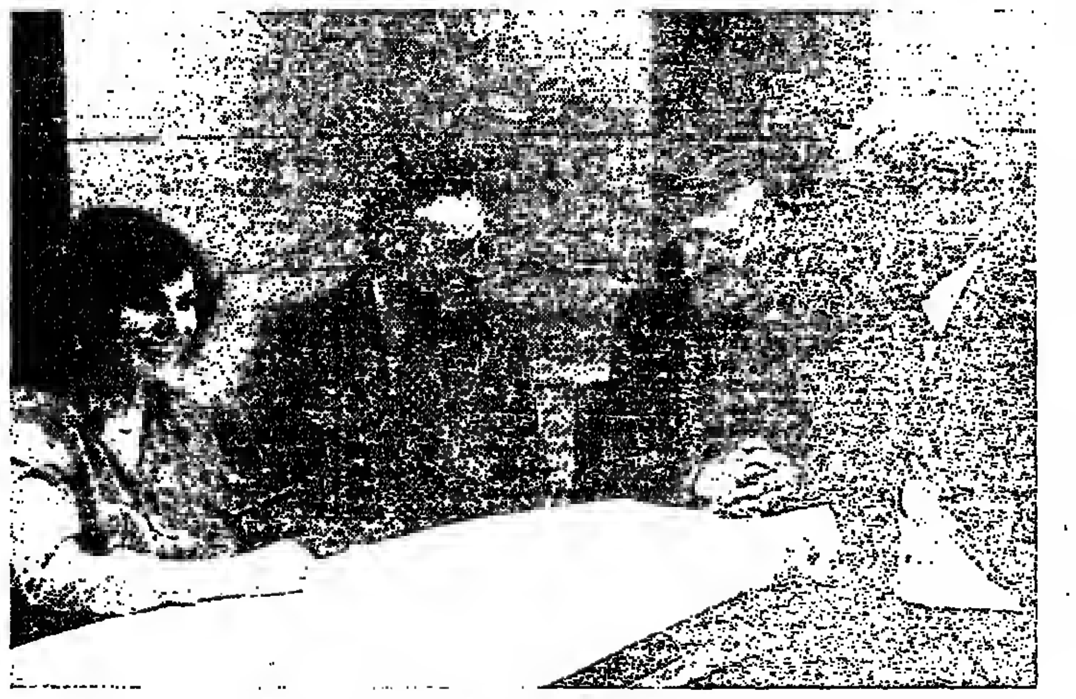
It means that the BBC's top reporters are at last being treated by BBC management as though they and their organisation really were on a par with the news staff of (say) the FT or the Washington Post. That is a big step towards growing up, and it is high time that broadcast journalism did a lot of growing up.

In its opening dozen programmes *Newsnight*, under the editorship of news man George Carey and his deputy Ronald Neil from current affairs, has certainly seemed to be heading in the right direction. We have been receiving just the sort of reports on the background to news events which have been so noticeably missing from all our television channels for so *long*: Kevin Ruane in Moscow on the reactions to the Olympic row: John Bierman with an *excellently lucid* report from the West Bank; David Lomax talking to a white farmer who intends to stay in Rhodesia, and so on.

None of these reports merited a *full half-hour current* affairs programme, though most were too long for a normal news bulletin, but they were all highly informative and—happily—free of the breathless tone of urgency which is so often used to give a spurious sense of topicality to news items.

There are numerous other points to the programme's credit including effective ideas in minor items. For instance the use of spliced film clips from many record-breaking sporting occasions to show exactly what *would be missing* if America withdrew from the Moscow Olympics was neat, dynamic, and highly *informative*.

Newsnight's staff, as those already mentioned clearly indicate, include some of the BBC's best journalists: the admirable John Tusa is the fourth of the regular anchormen, and the opening edition benefited from an investigation by Roger Cook who has acquired a deservedly high reputation on BBC Radio. One hopes he will contribute regularly.



Some of the Newsnight team: Fran Morrison, Peter Snow, David Davies and Charles Wheeler.

In Fran Morrison the programme has found a woman who not only sounds human when she reads the news but has some dress sense, too, a characteristic which is of considerable importance if you are appearing in millions of sitting-rooms. And in Peter Snow they have a star presenter whose years at ITN have ensured that he can stay cool while flying even the most chaotic programme by the seat of his pants if necessary, and whose occasional informality can be refreshing. "Well I'm sorry to drag you back to the state of the economy after that," he said endearingly when we had been watching a snatch of Hurricane Higgins' amazing snooker..

But the programme has very clear debits as well as credits — and I don't mean merely the niggling little irritations such as the habit of forecasting the next day's temperatures on a scale which nobody I know understands, and the sloppy and repetitive use of "diss-pute" for dispute and "kill-om-eter" for kilometer.

Nor am I too anxious about the tendency to play with new technology, so that little moving pictures of warships pop up in models of Afghanistan and dinky symbols of helicopters zip around, proving that *Newsnight* has this super new inlay trick and a wizard new character generator.

Rather *more* worrying is Snow's habitual tone of voice which gives an annoying impression of condescension. A typical announcement will start fast with "A certain restiveness today over the Government's plans for" (leaning into camera and slowing down) "*trade/union/reform*" with a little nod of the head on each emphasised word. His intentions are doubtless the very best, but his manner brings to mind a patient adult teaching *slow four-year-olds* how to roll plasticene. Nor is it just the tone. He shares with his old *ITN colleague* Alastair Burnet a penchant for phraseology which is never used orally by real people but *appears* only in the cheaper newspapers, as in: "Plasticene Play: We Ask—Is It Good For You?"

Then there are oddities in the programme's basic formula, for example the habit of having the presenter follow the news bulletin in the middle of the programme with the announcement "And now *Newsnight's* top stories again" and then a list of what we have just watched. This could indicate either a belief in Churchill's maxim "Tell them what you're going to say, say it, then tell them what you've said," or a desire to tantalise those who have just drifted in from the pub at 11.20 and an attempt to get *them* to *stay* in the next night.

Either way it is reasonable to hope *it will cease* when the programme settles down. Every new current affairs and news programme *feels* a need to be "different" at first, no matter how loopy the differences may be; they do usually disappear fairly fast.

It is a pity that *Newsnight* did not choose to be different by forswearing the factitious glamour and the distractions of a busy-busy newsroom background behind Fran Morrison, and by dropping the dreadful news programme habit of inflicting upon the viewer the distorted sound of foreign correspondents on bad telephone lines sounding as though they are shouting down long drain pipes. In 1980 this is the equivalent in newspaper terms of affecting a green celluloid eye shade simply to impress outsiders with a sense of gritty professionalism and importance. It is completely unnecessary, helps nobody, and growing up *must* involve the abandonment of such childish exhibitionism.

None of these points however is of any great significance compared to the main criticism which is that the programme has brought over from the BBC's news division that department's philistine outlook which virtually ensures that "news" instead of meaning the difference between the world yesterday and the world today *in all* areas of human endeavour means instead predominantly bad news.

Politics (i.e., rows), economics (i.e., inflation), international affairs (i.e., wars) and industrial relations (i.e., strikes) are all expounded exhaustively. There is also a little leavening of sport, though this gets more and more like a branch of industrial relations. But for *the* BBC's only serious daily news/current affairs programme, the world of books, theatres, painting, *music, films, fashion, ballet*, opera, sculpture, jazz, poetry simply does not exist. Though *that* is where so many of us find the main pleasures of the world, the BBC's news agenda excludes it all.

It is frequently claimed in the programme's billing that it "analyses the significant events of the day." Apparently in all the time it has been on the air there has not been a single event in the arts which its producers consider "significant." Nothing as significant as a pipe-laggers' strike, for instance. Perhaps we should rename it *Bad News Night* until it grows up and starts covering good news too.

London's new orchestra

The Richard Hickox Orchestra is changing its name to the City of London Sinfonia. It was felt that the old name restricted the orchestra's use of outside conductors and was regarded as *rather pretentious* by Hickox himself. The new name reflects the orchestra's success in getting sponsorship from City and financial companies: among the new *projects* planned are lunchtime concerts in City churches, starting on April 25, with the first two sponsored by the Midland Bank.

The Sinfonia will also be playing more contemporary music—it was identified originally with the Baroque—and it has commissioned a flute concerto from *Nigel* Osborne which will be performed at St. John's, Smith Square, on May 28. Other new ventures planned are a tour of East Anglian cathedrals with Monteverdi's Vespers, using original instruments, and an exchange with the Scottish Baroque Ensemble if a sponsor can be found.

In the nine years since the orchestra was founded by Richard Hickox numerous sponsors have rallied round, and the link with the City should enable it to gain new supporters. It has already signed up to perform at the Three Choirs and Portsmouth Festivals. Also the annual Spitalfields concerts will be continued this year.

Pountney to direct ENO

David Pountney will take over as the English National Opera's director of productions from July, 1982, the company announced yesterday. With music director Mark Elder he will be *responsible* for a new production of The *Valkyrie* in the 1982-83 season, the start of *a new Ring Cycle*.

The ENO also announced three new productions at the London *Coliseum for the* 1980-81 season: *Boris Godunov*, Gounod's *Romeo and Juliet* and the world première of Ian Hamilton's *Anna Karenina*.

Alice Hunt Bartlett poetry award

The Poetry Society has awarded the £200 Alice Hunt Bartlett Award for a collection of poetry published during 1978 to John Montague for his book *The Great Cloak* published by The Dolmen Press.

The winning collection was chosen by the two judges appointed by The Poetry Society, poets Kit Wright (the previous year's winner) and *Leslie Norris*.

The Alice Hunt Bartlett Award is administered by The Society and is *awarded annually* for a collection of poetry of not less than 20 poems or 400 lines published in English.

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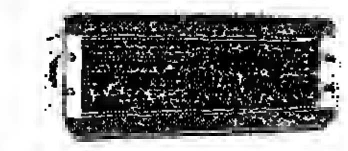

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Wednesday February 20 1980

The law is not enough

THE GOVERNMENT yesterday acted on two fronts in an attempt to prevent an industrial dispute spreading to an unwilling third party, as has happened in the current steel strike, and to limit the practice of picketing to that of peaceful persuasion. In the first place Mr. James Prior, the Employment Secretary, issued a consultative document which will form the basis of amendments to the Employment Bill and which will introduce a new concept of "remoteness" to the law affecting trade disputes. In the second place Sir Michael Havers, the Attorney General, made it clear that a great many of the incidents surrounding the steel strike are illegal under existing law; for example, the picketing at the private steel firm of Hadfields last week which turned into a major demonstration.

Modest

It would be a mistake to see Mr. Prior's document as primarily a response to events in the steel industry, though these have undoubtedly increased the pressures on him to act now. Mr. Prior admitted last December that the Employment Bill might have to be changed in the light of the law lords ruling in the case of Express Newspapers v. MacShane. The Appeal Court had ruled that secondary action in that action was too remote from the original dispute to be legal only to find its judgement overturned by the lords.

It is the same concept of remoteness which the Government is now trying to introduce into the law. The new legislation will emphatically not take away the right to primary or secondary industrial action. Instead it will limit secondary action to interference with employers who are either first suppliers or customers of the original employer in the dispute. If the new law had been in force in the last few weeks, it would not have entirely prevented the steel strike being extended to the private sector. Hadfields, for instance, would almost certainly be considered a first customer of the British Steel Corporation, but Sheerness Steel would not.

In that sense the new proposals are relatively modest, though it is doubtful if the trade unions at present are in any mood to distinguish between Mr. Prior the dove, and some of his more hawkish Cabinet colleagues. The Employment Secretary has probably done the minimum necessary to maintain support in the Conservative Party, but nothing to win over the unions. The legislation will require the most careful drafting, especially when it comes to defining "first customers and suppliers," and is likely to mean a greater use of the courts. It is welcome in that it may reduce the tendency of industrial disputes to escalate, but in the end employers and unions may still be wiser to seek their own agreements without recourse to the judges.

The Attorney General's statement, by contrast, makes plain how much can be done to restrain picketing under the existing law, and how little that law has been enforced. Picketing is permitted solely for the purpose of peacefully obtaining or communicating information or of peacefully persuading another person to work or not to work. There is no right to stop vehicles or to prevent people going about their lawful business. That description, however, bears no relation to what has been seen nightly on the television screens during the steel strike, not to speak of events last winter.

Enforcement is a matter for the police and the courts. Yet it is going to be hard to persuade chief constables suddenly to take full use of their powers when pickets can now turn out in hundreds if not thousands. What is needed is consultation with the unions and strike organisers over the rules of the game. A code of conduct on picketing is more than ever necessary.

Discipline

In the last resort, strike action which gets out of hand is as much a matter of concern to the unions as to anyone else. It is the antics of Mr. Arthur Scargill and the militant pickets which are doing more than anything to give the unions a bad name. The best way to overcome them is for the unions to take their own disciplinary action. A leader who cannot control his members becomes ineffective and dispensable. Is that what the union leaders want?

The challenge for Mr. Trudeau

TWO ISSUES pervade Canadian politics, the problem of national identity and the related question of how to hold together the world's second largest country. On both counts Mr. Pierre Trudeau's victory is flawed by the large vote for him in the east of Canada and against him in the west.

Coming to grips with these issues will be as important as bringing some order to Canada's finances. Mr. Trudeau has the Parliamentary majority and the time—potentially five years—which he needs. What is unclear is whether he still has the verve which characterised his early years as Prime Minister.

Lacklustre

The campaign was relatively lacklustre. The vote itself was as much a vote against Mr. Joe Clark, the Progressive Conservative Prime Minister during the past nine months, as one for Mr. Trudeau. Abroad Mr. Clark had never established a strong reputation. Memories of Mr. Clark's aborted attempts to move the Canadian Embassy in Israel from Tel Aviv to Jerusalem were not completely dispelled by the role that Canada played in helping six Americans escape from Tehran.

More important, at home Mr. Clark never established his claims that he could solve the problems Prime Minister he inherited—GNP growth falling to a forecast 1 per cent for 1980, unemployment around 8 per cent, inflation reaching double figures and a mounting current account deficit.

It was easy for Mr. Trudeau to capitalise on these problems and to exploit the fears of the Eastern provinces which account for nearly three-quarters of the parliamentary seats. The East depends on petrol from provinces such as Alberta. Mr. Trudeau attacked the plan to increase petrol prices by one-quarter which had originally led to December's vote of no confidence in Mr. Clark. But he kept his own powder dry.

It is not an easy time to run Canada. Retrenchment will be necessary to deal with the budget deficit which has grown steadily. Many of those who preferred Mr. Trudeau's easy-going approach to the sterner talk of Mr. Clark may find the difference deceptive. One of the immediate issues which has to be faced is adopting a more realistic pricing policy for oil; petrol for instance is well under one-half the price in Britain.

In the economic field there have long been complaints at Canada's comparative failure to process the minerals end raw materials which it produces. One-half of its exports to the United States consist of unprocessed materials, and exports to the U.S. account for two-thirds of its trade. Here Mr. Trudeau promises that the role of the multinationals will be reviewed, with the federal government becoming an active player rather than just a passive referee. It is a promise which goes down well in a country where foreign investment is relatively more important than in any industrialised country. Two-thirds of industry is in foreign—mainly American—hands as is three quarters of oil production. But the very size of this investment and the small size of the domestic market provided by Canada's 22m people are measures of the problems Mr. Trudeau will have in keeping this promise.

Separatism

Equally difficult to handle is the question of Quebec. The scale of Mr. Trudeau's victory in the federal elections is no indication of what could happen in the provincial elections expected by the end of 1981. Mr. Rene Levesque, the Prime Minister of Quebec, is planning a referendum in April or May to ask for a mandate to negotiate sovereignty in economic affairs and association in political matters with Ottawa. It is by no means certain that he will win. On the contrary, there seems a parallel with the rise and, for the moment, decline of the Scottish Nationalists.

But even Mr. Claude Ryan, the leader of the Quebec Liberals, proposes a generally increased level of devolution. At some time, Mr. Trudeau will have to grasp this nettle. More immediate, however, will be the changes he might introduce to Canada's foreign policy. Mr. Clark responded as vigorously as Mrs. Margaret Thatcher, the British Prime Minister, to the Afghan crisis. Mr. Trudeau has less love for NATO than for detente.

A guide to what the union curbs would mean

BY CHRISTIAN TYLER, LABOUR EDITOR

TWO SHARP distinctions have to be drawn in order to understand—among the welter of complaints about trade unions' behaviour in disputes—what it is the Government is proposing to do.

The first distinction to make is between the criminal prosecutions and the civil actions to which trade unions are subject.

The second is the ad hoc distinction between picketing and sympathetic industrial action. (Below we discuss how the criminal law can be enforced against pickets.)

Picketing is when people stand outside factory gates in order to stop other people working or moving goods in and out. Sympathetic action includes blacking of goods or the withdrawal of labour—either partly or completely — by workers trying to help someone else's industrial action become more effective.

Yesterday's statement by the Government explained how the act of picketing, under present legislation, can become a criminal offence. As for the civil limitations on picketing, these are already set out in the Government's Employment Bill.

Broadly, the Bill seeks to curtail the activities of pickets by enabling employers to bring civil actions against trade unionists, whether by asking for injunctions to stop them doing it, or going further and seeking damages from them.

(Applications for injunctions are becoming much more common, but suits for damages are still relatively rare, because the employer's main concern is to get the men off his factory gate.)

The present civil law has little to say about picketing. The main points are that it should consist of peaceful persuasion and should not be done at or near someone's home.

The Employment Bill goes much further. It proposes that lawful picketing should be confined to: first, people picketing their own place of work; second, trade union officials accompanying members of their union who are picketing their own workplace (even though the official is not himself party to the dispute); third, unemployed people picketing their former workplace when the dispute is about their dismissal, redundancy or resignation.

Finally, people who do not have a fixed place of work, like lorry drivers, would be allowed to picket the place "from which" they work or from which their work is managed.

Unless a picket could satisfy these conditions, he would be vulnerable to civil prosecution and damages.

This new law, just like the criminal code, might however prove to be unenforceable.

The plans unveiled yesterday are nothing to do with picketing, but are an attempt to curtail "secondary industrial action." Not only are they much more complicated, they are also much more controversial in that they delve much deeper into the area of trade union immunities.

Under the present law, Labour's Trade Union and Labour Relations Act as amended by the same Government in 1976, trade unions cannot be sued for damages if they are taking action "in contemplation or furtherance of a trade dispute" which causes breaches of contract (whether of contracts of employment or commercial contracts).

Until fairly recently, this so-called "golden formula" was virtually taken as read. Employers rarely took unions to court to test how widely drawn it was.

This Government has now decided to write limitations into the statute book — in effect to enact those interpretations of the present law made recently by Lord Denning in the Appeal Court and subsequently overturned by the House of Lords.

Unions would have to satisfy three tests: was their secondary action (a) objectively capable of "furthering" the dispute; (b) were their motives proper, and not "extraneous" and (c) was their action near enough to the main dispute. [Test (c) is a more specific limitation to bolster (a) and (b).]

Unless the union passed the first two tests, its officials (or members) would be vulnerable to a civil action for breach not only of employment contract, but commercial contract as well.

If it failed the third test only, it would be liable to prosecution for inducing breach of commercial contract alone.

Assume that these measures were already in force and take the steel pay strike as an example. The main dispute is between the British Steel Corporation and its unions. But the chief union has called out its members in privately owned steel companies as well (the secondary action) even though they are not in dispute with their employers about pay.

Broadly speaking, the position would be as follows. BSC could not sue the unions (the primary "right to strike" is not affected). Private steel companies whose business depends substantially on supplies of steel from the BSC could not sue either. They would, in the words of the consultative paper, be "first customers," that is, close to the main dispute in terms of their trading relationship. But private steel companies which do not depend substantially on BSC could sue their unions — and perhaps even their own employees — for breach of commercial contract.

This last group, on the other hand, could not sue for breaches of employment contract. That is to say, secondary action by their workers would be legitimate provided it did not do any damage. They could not force their workers to work, but could get money — or an injunction—if they could prove that economic damage was being done to them.

There are few cases where industrial action does not in fact inflict damage—the whole point of it is to bring economic pressure to bear. Mr. James Prior, Employment Secretary, gave a contrary example yesterday: workers might refuse to do overtime, yet their company might be able to get round the production difficulties that caused.

The core of yesterday's proposed amendment is that it would be for judges, not unions, to assess whether a sympathetic strike or blacking was (a) actually putting pressure on the employer in dispute, (b) was part of a genuine desire to put pressure on (and not, for example "political") and (c) was close enough to the main dispute.

Pickets talk to a lorry driver (with police in close attendance) at Sheerness Steels

Police argue for tougher measures

BY JOHN LLOYD

THE ATTORNEY General's clarification on the application of the criminal law to picketing is the third of its kind in the past decade. Each statement—given by the Attorney General of the day in 1972, in January of last year, and yesterday—was made at a time of industrial unrest, and in each case the same root point was made.

That point is: that the law on picketing, now largely enshrined in the 1974 Trade Union and Labour Relations Act, and the immunities granted under it, does not, as yesterday's statement puts it, "diminish the rules which govern public order."

The law protects the right of citizens to come and go as they please. Where they are prevented from doing so, by violence, intimidation or obstruction, a breach of the law occurs.

The Attorney General, Sir Michael Havers, stressed the same point underscored by his predecessor last January: "The freedom to picket does not confer or imply any right to stop vehicles." Further, he said that if people are stopped from going to work by sheer numbers, the pickets are no longer immune since they are then obstructing, rather than persuading.

The low-key nature of the statement, and its deliberate continuity with previous pronouncements, including one made by Labour's last Attorney-General, Mr. Sam Silkin, is unlikely wholly to satisfy the anxieties of the country's police forces, which are now in discussions with the Home Office about its current review of the Public Order Act. Their response to a restatement of the present position tends to be that while it may be clear enough what constitutes a criminal act, it is quite a different matter to prevent it, or to arrest the person believed to have committed it, in the circumstances of mass picketing.

A full statement of the police view on picketing and the issue will come today from Mr. Alan Goodson, chief constable of Leicester and chairman of the Association of Chief Police Officers. But the broad outlines of their collective philosophy on the issue has already been given by Sir David McNee, Commissioner of the Metropolitan Police, in a written submission to the Commons Select Committee on Home Affairs on Monday.

Significantly, his remarks on industrial picketing were made under the umbrella of an argument for tougher measures to control assemblies and demonstrations than are provided for under the Public Order Act 1936. Sir David sees industrial picketing, which is not sanctioned under Clause 14 of the Employment Bill, now being considered by the House of Commons as falling—if the Bill is made law—into the same area as other assemblies, and thus subject to the stricter penalties he recommends.

He argues: "Logically, any form of assembly not protected by the trade dispute immunity should be controlled in the same way as other similar forms of demonstration, and it would give police far greater powers in dealing with massed 'picketing' such as Grunwicks."

The reforms he urges to the 1936 Act, and those which would apply to "unprotected" industrial picketing, include the imposition of a legal obligation on organisers to notify the police of the event, the numbers expected and its purpose; the right of the Commissioner to ban the event; the right of the police to "remove articles from demonstrators which are likely to cause a breach of the peace"; the provision of a specific offence of throwing missiles at public gatherings and of raising current penalties for public order offences.

The Police Federation, representing police constables and junior officers, also gave strong support yesterday to Sir David's measures.

The main reforms the Federation wants are:

- a reasonable limitation on the numbers of pickets;
- pickets limited to employees of the company with which the workers are in dispute; those with no direct connection to be excluded;
- clear indentification of pickets by means of, for example, armbands;
- closer liaison between the organisers of pickets and the police.

The first of these is, in the Federation's view, the most important. It sees its members as being frequently in danger of being overwhelmed by sheer numbers during a large picket, and thus unable either to control their actions, or to make arrests when pickets are believed to be in breach of the criminal law. Limitation of the members of a picket to, for example, 20 would allow the police on the spot to set the conditions for a peaceful picket, rather than be compelled to watch helplessly while it built to a potentially violent size.

Sir David's evidence to the Select Committee underscores this point. He writes: "The psychological interaction between people in crowds causes the individuals comprising them to behave with much less self restraint than when they are on their own. It is also extremely difficult—and often impossible — to communicate with individuals when gathered in large numbers; and thus the human contact between police and citizen, which is so essential for public co-operation, easily becomes diluted. Furthermore, it is self evident that people acting in concert can physically achieve far more than they can while acting as individuals. These inherent obstacles to crowd control play right into the hands of unscrupulous activists . . ."

As Sir David recognises elsewhere in his evidence, there is a dilemma built into the fabric of such proposals—the familiar one between individual's rights and public order. Clearly, he and the other spokesmen for the police interest, are concerned with the public order side of the dilemma. They will be seen as undermining the interest of the trade unions: first in reducing the potential effectiveness of a picket, and second in seeking to define too closely action which is by its nature loosely structured and unpredictable.

SIR MICHAEL HAVERS Attorney-General

SIR DAVID McNEE Metropolitan Police Commissioner

MEN AND MATTERS

Easy way in for Lalvani

If his attempt to buy Decca's television factory at Bridgnorth comes to naught, Binatone chairman, Gulu Lalvani, tells me the contract to produce the British-invented Sinclair Microvision will probably go to one or other of his anonymous backers in South Korea or Japan. He is certainly not interested in any other British television manufacturing factories, he says.

Lalvani seems not at all put out that his three-month campaign to buy the Decca plant has been stalled, ostensibly while new owner Racal assesses its assets and opens negotiations with another unnamed television maker in Japan. But he still jibs at the £2m asking price—the book value of Bridgnorth—and there can be little doubt that he is not over-keen on paying £20m for stocks piled up at the works. His first backer, a Taiwanese company, pulled out of the bid because it shared Lalvani's view that the Decca price was too high.

Naturally enough, he is not going to talk about his negotiating tactics, but I have the feeling the 40-year-old entrepreneur may be prepared if pushed to raise his bid. The Decca plant as he admits, would offer him "an easy way" into high-quality manufacturing, giving access to high-technology plant and skills. And I suspect the prestige value of a famous-name acquisition would add considerable sheen to his business which has been built largely on "budget" priced consumer electronics, following his almost accidental entry into the business 20 years ago.

Studying in London in the late 1950s, he and his brother Pardap found themselves stuck for funds, tentatively started selling cheap pocket radios, and found themselves on a spiral staircase which has led them to the top of the heap (£28m turnover forecast for this year) at the private end of the consumer electronics business.

". . . an dtt cries like a Dunbee-Combex-Marx shareholder"

Expansion brewing

In business on a more modest scale, and with nine years to reach his target of £1m in the bank by the age of 40, David Bruce, managing director of Wetherland, is fishing tentatively in the venture capital market for a banker or individual ready to inject up to £300,000 into his scheme to open a string of pubs with breweries in the cellar.

Bruce, who is currently turning over £250,000 a year (net profit £25,000) in his first home-brew house, the Goose and Firkin in Southwark, tells me he wants the funds to introduce some asset value into his business. He is already expanding, and is preparing to open the provisionally-titled Firkin and Ferret in Lewisham in May. The trouble is, he tells me, both his pubs are leased, and he now seeks to open up in freebold properties. With a starting price of £85,000 in London and £50,000 such pubs lie at present beyond his personal spending limits. He has already mortgaged his Clapham house to underpin his enterprises.

Adamant that potential partners have to come in on his own strict terms, Bruce insists: "I do not want to be sucked into a big company, and anyone backing me must be prepared to do so without demanding a controlling share of the operation." Only 25 per cent of the equity will be available to supporters.

He clearly enjoys thumbing his nose at the City financial brains who gave him no chance of success with his jokily-named pub and his theory that a business could thrive selling mainly draught beer. In most conventional houses 55 per cent of turnover comes from the beer engines, while Bruce claims to take 80 per cent through his sales of Borough Bitter and Bruce's Earth Stopper (£1 a pint).

Met for Nevis?

Hello, bello, bello. Do I detect another golden opportunity looming for the officers of the Metropolitan Police? Readers will doubtless remember that idyllic mission in 1969 when Britain sent a force of tropical-kit bobbies to Anguilla. It was there to maintain calm because their rebellious isle of 6,500 souls decided to opt out of the unitary state of St. Kitts-Nevis-Anguilla because it bad had enough of the colourful tactics of Premier Robert Bradshaw. It could be the turn of Nevis to go the same way and quit the Caribbean mini-state now that the results of its Monday election are in.

But the sunshine dreams of our policemen pounding the bleak pavements of Brixton are a nightmare for Bradshaw's successor, Lee Moore. This 41-year-old lawyer who was Bradshaw's attorney - general during the Anguilla debacle was known as a tough and tricky negotiator and was regarded by the Anguillians in the same light as Mephistopheles.

But his St. Kitts Labour Party has been defeated at the hands of the People's Action Movement and the independence-minded Nevis Reformation Party which together have five of the country's nine seats to Labour's four. My experts on the area suggests that one of the first manifestations of this new order's power may be a move to pull out and leave St. Kitts and Moore to their own devices.

Keep it quiet

The Finns, specialists in humour with a distinctly paranoid slant, are currently grimly amused by the events following Afghanistan's call for "assistance." Doing the rounds in Helsinki at the moment is a joke (I think) which says the government has banned all forestry operations within 5 kilometres of the Russian border. The reason, I bear is that should a forester be injured in tree felling and call for help, he is likely to find three Soviet armoured divisions racing to his aid.

Misguided

How thoughtful, I thought, of the Rank Organisation to send shareholders a map of central London to help visitors find the venue of its annual meeting on March 12. But I fear visitors unfamiliar with the capital may find themselves confused should they arrive at Victoria Station. According to Rank's cartographers, this noisome edifice has been moved, and, the plan shows, is now sitting smack on the Embankment on precisely the spot where I last saw the Palace of Westminster.

Observer

Q. Where is the nearest Assisted Area to London and the South East?

A. Corby, Northants. Britain's newest Assisted Area.

Due to the closure of the Corby steel-making plant, a large force of skilled and unskilled labour will be immediately available.

If your company is considering relocating or developing in the south of Britain, you must consider CORBY which can now offer a package equal to anywhere else in the country.

- Good and improving communications to all parts of the U.K.
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- Assistance from British Steel (Industry) Limited.
- Advance factories and land
- The expert services that a Development Corporation can provide.

The Development Corporation has set up an office to advise on and co-ordinate the various grants and benefits available.

Write to or ring K. R. C. Jenkin, B.A., F.R.I.C.S.
Corby Development Corporation
Chisholm House, 9 Queen's Square, Corby, Northants, NN17 1PA
Tel: Corby (05366) 3535

LABOUR, DEALER AND PRODUCT PROBLEMS FACING BL CARS

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

Little manoeuvring room for Sir Michael

FOR THE 18,000 Longbridge workers who will gather this morning at Cofton Park in the shadow of BL Cars' biggest plant, there is more at stake than whether to strike in support of Mr. Derek Robinson, the dismissed convenor.

Any walk-out could mark the first encounter in the battle to establish new working practices at the factory which must reach productivity levels comparable with the best in Europe. More than £300m has been committed to the Mini Metro, BL's new small car to be launched in October and upon which rests the survival chances of the State-owned concern. Flexibility in working methods and between skills is essential for the highly automated production line to be operated profitably.

Principle

There is little enthusiasm for another strike by workers who have lost enough time already through a series of disputes including the two-day strikes by the Amalgamated Union of Engineering Workers and the walk-out at the time of Mr. Robinson's sacking last November. Union leaders acknowledge that it is always difficult to mount action on an issue of principle; an inquiry by the AUEW found that Mr. Robinson was unfairly dismissed and is demanding his re-instatement.

But overhanging today's meeting will also be the frustration among workers over the company's outright refusal to improve its pay offer of 5 per cent for most employees and 10 per cent for craftsmen.

Such feelings are thought to have caused manual employees to reject the company's pay package by a three to two majority in the recent secret ballot. The result came as a surprise even to union leaders who had fought a low-key campaign through fear of the consequences for the company if the offer were rejected.

The outcome of that ballot has undermined the authority which Sir Michael Edwardes, the BL chairman, gained from his 7—1 majority in a ballot last October in favour of rationalisation plans involving plant closures and the loss of more than 25,000 jobs.

Potentially more serious for his credibility among the workforce was the surprise announcement last week that thousands of workers would be laid off and production halted at a number of plants because of poor sales performance.

Mr. Bill Jordan, Midlands division organiser of the AUEW, and the official guiding the Robinson affair, says: "Sir Michael, the super salesman, who said the problems were caused by the workers' failure to produce, has been exposed."

Indeed, the seemingly continuous crisis within the car division has been given a new twist with the pressure now coming from outside the company rather than from within. The record low UK market share of 15 per cent in January set the alarm bells ringing. Mr. Ray Horrocks, BL Cars' managing director, declared as "moderately promising" sales in the first few days of this month when the company achieved a 21 per cent share. But the position has since deteriorated with BL taking only 18.8 per cent in the first 10 days of February—traditionally its best selling period. Such a performance would be disappointing in normal times, but BL is mounting an expensive "Buy British" sales campaign and offering substantial inducements to its dealers.

The 1,900-strong dealer network is giving total public support to BL, but in private is lobbying for help to finance stocks thought to be worth around £240m. The position of the distributors presents a more immediate problem for BL than any strike at Longbridge or the reform of industrial relations. It has been argued for several years that the dealer network—the real strength of BL and the bait that might attract foreign suitors—would be threatened with defections if market share fell below 20 per cent.

In the short term, the situation can be contained to the extent that most of the profitable franchises are spoken for and there is nowhere else for BL dealers to turn. However, unless the company approaches its target 25 per cent share of the UK market in March, the low through-put of models could put a strain on the network that could pose the risk of closure of some outlets.

Even with a dramatic sales recovery, output for the current year is likely to be significantly down on 1979 when little more than 503,000 cars were produced. That compares with the boom of the 1960s when Austin-Morris alone, before the addition of Jaguar, Rover, and Triumph, was turning out 1m vehicles a year.

Payroll

In 1979 BL Cars, with a labour force of around 120,000 was manned to produce about 725,000 cars. Employment numbers have dropped only slightly to 117,000 and with the difficulties created in export markets by the strength of sterling, the current level of stocks, and the decline of home sales, the pressure must be on for a cut in the payroll.

The main impact of Sir Michael's programme to cut capacity to the reduced sales expectations is not due to take effect until later this year or early next. Given the physical constraints imposed by the transfer of production from one plant to another, there is a strong case for advancing the redundancies.

Shedding labour quickly, although it eases heavy costs posed by expensive lay-off provisions, would involve a high outlay in redundancy payments. It seems likely, however, that Sir Michael would have made provision in his budget for this year for such a contingency. The log-jam of certain models, from which the company is now suffering, did not happen overnight and must have been a consideration when the 1980 corporate plan was drawn up.

Halting production of cars such as the Rover, Princess, Maxi and Marina, will not only ease pressure on the dealer network but begin to release cash tied up in component stocks and part-finished models. The full impact of the latest problems is difficult to assess but the prospect must be somewhat remote of generating the finance necessary to fund the LC-10, the middle-range car, scheduled for launch in October 1982.

Given the weakness of BL in the fleet car market highlighted by the latest sales figures, a quick way of plugging the gap would be to enter another co-operative venture with Honda of Japan. Compared with the cost of the LC-10—variously estimated at between £300m and £500m according to the plant improvements and range of models—an investment of perhaps £250m could see the introduction of a new Japanese car. Such a deal would offer the important advantage of speed but would still be a high-cost route and would involve the import of foreign components.

A low-cost option, put at between £100m and £150m, and currently being canvassed at middle management level, is for BL to use tried components from the Allegro, Princess and Maxi to launch a new model.

Against the current background of retrenchment and the battle for market share, it must be questionable whether the company's emphasis upon a fundamental reform of working practices is immediately relevant. Higher productivity would only lead, in many cases, to more unwanted cars going into stock or the shedding of thousands more jobs.

'A ragbag'

Such a view, however, overlooks the need for a new style of working on the Metro at Longbridge. BL management, perhaps in the flush of confidence from the 7-1 ballot victory last October, framed a 92-page document setting out the fundamental changes in working methods it would require across the company. In the words of Mr. Grenville Hawley, the moderate national automotive secretary of the Transport and General Workers' Union: "It was a ragbag of everything the unions had negotiated and rejected over the previous ten years. The company wanted to wipe the slate clean."

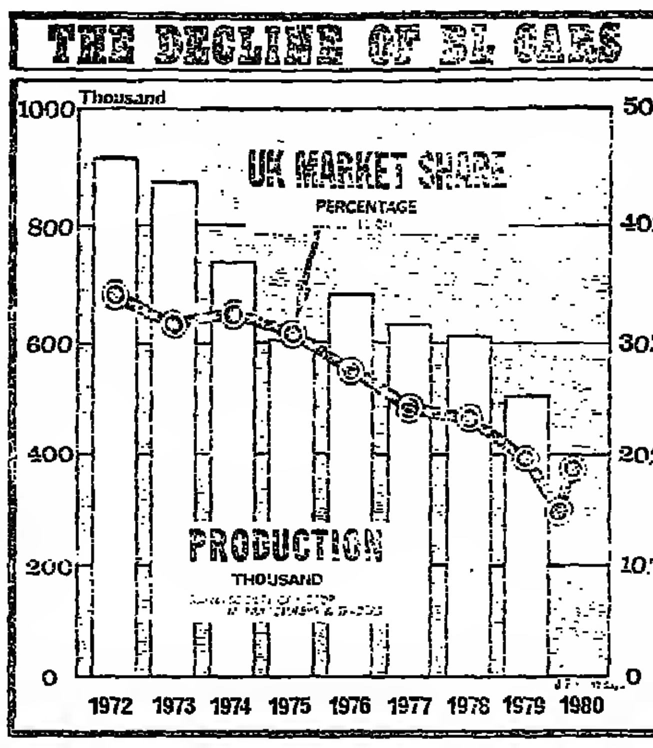
While the management might have hoped that the Longbridge changes could be swept in on the back of the national ballot, the result has clearly left the company without a mandate. The dismissal of Mr. Robinson, whatever his faults highlighted by the union inquiry, might have been seen as one way of weakening shop steward opposition to the changes. Indeed, a strike today over the issue could pre-empt any future industrial action over the work practices. Many dealers report that, though the Mini and Allegro produced at Longbridge are in demand, they could withstand a stoppage of perhaps four weeks. Sir Michael appears to have time on his side in the tough line he has taken over the dismissal of Mr. Robinson.

An alternative way of handling the Longbridge problem would have been to have conceded union demands for lump-sum payments to works in return for reducing manning levels and allowing flexibility in the use of labour. For the Longbridge stewards such a "buy out" would ensure worker co-operation without disrupting company plans for parity of earnings between plants.

In whatever way the management decides to resolve the question of productivity at Longbridge, the national pay package remains in limbo. After nearly four months' negotiation—and Mr. Geoff Armstrong, the employee relations director opened his presentation with a warning that the company could not "afford the time for protracted discussion or inconclusive debate"—the two sides are deadlocked.

The unions, which realise the weakness of their position with extensive lay-offs and a divided workforce, have given the company two weeks to reconsider its offer. But management appears determined not to pay a penny more and to insist on the changed working practices.

BL might hope that pressure will build up on the union negotiators from members who stand to draw perhaps £200 back pay on a deal that should have been implemented last November. Even assuming union opposition crumbles in that fashion, the company still faces the difficult task of pushing through its reforms.



Disruption

The proposed self financing incentive scheme, which could yield up to £15 a week for a 20 per cent improvement in productivity, has now twice been rejected in ballots of the workforce. The new five-grade pay structure, under discussion in many plants for several months, threatens disruption. Warnings have been issued from Cowley, Oxford, of likely industrial action once workers have exhausted the appeals procedure. There is a similar level of unrest at Longbridge, and some 400 employees at Jaguar, Coventry, only resumed work this week after staging a series of protest walkouts.

Another issue which could provoke an outbreak of unrest on the shop floor is the question of "mutuality"—the power of shop stewards to control manning levels and the pace of the job. Even in the unlikely event of national officials agreeing to concede such powers, workers can be expected to stage their own protests once they are personally affected.

Sir Michael might be trying to telescope into 12 months the labour relations reforms that should have taken place over a longer period. He now faces not only problems with his products in the market place, but has also left himself with little room for manoeuvre.

In his letter to the Government, seeking funds for the 1980 corporate plan, he declared: "Considerable hazards face us from within and without. The board will monitor progress very closely, and if shortfalls in performance place the achievement of the plan in jeopardy, then the board consider that it will have no option but to abandon the plan."

Letters to the Editor

Exchange rates and industry

From Mr. S. Stewart

Sir,—The important fact about steel which you do not mention in your leader of February 11 is that the bankruptcy of the industry is almost entirely due to Government policy and has little if anything to do with those who work in it.

The international division of labour is decided by comparative costs and not by output per head as every manager knows. Sir Keith Joseph says he does not know how our unit labour costs compare with other countries. Incredible if true. The inference from published figures is that our labour costs are not uncompetitive.

Steel is a classic case of an industry subject to very great economies of scale and to a price-sensitive market. Cars are another. The problem of these and many other British industries is the 30 per cent rise in the real exchange rate since the fourth quarter of 1976. Wages, salaries and other employment costs only account for 29 per cent of the cost of steel.

Mr. Healey gave an undertaking to the International Monetary Fund in December 1976 that the exchange rate would be managed so as to maintain the competitiveness of our goods at home and abroad. He reneged on this and the consequences have been disastrous. Our wholesale prices have risen by over 50 per cent, but imports of finished manufactures by only 19 per cent and machinery by 9 per cent. Export prices have risen 30 per cent more than those of our competitors. The full effects of all this have yet to be felt.

It suits the politicians at Westminster and in Tothill Street to blame the workers, but a rising exchange rate can only mean that money is too tight or wages too low or both.

The CBI must learn that the firms which will suffer most are the most efficient. These are the firms that had reduced their labour costs to a minimum before the exchange rate rose and which cannot compete without massive investment.

The TUC must learn that the total of unemployment cannot be reduced by accepting a cut in real wages. Jobs saved to one sector will be lost in another.

The car industry has declined despite a reduction of 18 per cent in real wages between 1958 and 1978 relative to average earnings. The further massive reduction demanded by BL will not save the firm. Its closure in whole or in part has in effect been ordained by the Bank of England whose lifeboats are reserved for the City.

Unless the unions stick together to protect their members they will be picked off individually. We are probably doomed to two years of economic destruction before common sense prevails over monetarist theory but if management and unions can force the pace so much the better for the rest of us.

Shaun Stewart,
The Old House,
Willards Hill,
Etchingham, East Sussex.

Lead from the front

From Mr. E. Grattan

Sir,—Sir Keith Joseph has of course been quite right not to intervene in the steel strike; the taxpayer is sick and tired of subsidising British Steel and other loss-making nationalised industries.

If, however, the Government means business in its fight against inflation, there is another step—beyond non-intervention in industrial disputes—which could be taken.

The basic requirement is to bring about a change in people's attitudes towards work; and the key to that is the old adage that a job worth doing at all is worth doing well. We have been mesmerised for far too long by money, so that the creation of real wealth is no longer understood by the majority of the population; this obsession with something for nothing is just not good enough.

Complacency, loss of self-discipline and "comparability," separately or collectively, continue to undermine creative purpose. How then is pride in work to take prior place to the amount of money demanded for it? Much time has been devoted to the economic theories associated with inflation. Should not more time be given to the psychology of inflation?

If the ingrained habit—of wages and salaries automatically following prices upwards—is to be broken, the threat of unemployment may be expected to have some effect. But might not the pressure exerted by personal example have a substantial, if not a greater, part to play? If so, it will have to come from the top.

A 10 or, preferably, a 20 per cent cut in salaries by Ministers, by senior civil servants and by heads of nationalised (and private) industries would be an earnest of the Government's and the nation's intent to give better value for money.

Leadership in this country is, by tradition, from the front. While there must be no abdication of responsibility, it is imperative that those who lead today should be seen to understand that material reward is not a right but a measure of the service given.

Without such an understanding, on a widespread scale, how can this country hope to survive in a competitive world?

E. Grattan.
Rooks Orchard,
Little Wittenham,
Abingdon, Oxon.

Back the winners

From Mr. A. Grima

Sir,—The irresponsible action of those in the steel industry and British Leyland surely leaves the Government with little choice if the profitable businesses which provide the money to bail out these two lame ducks are not to go under as well and leave this country without an export market in the world.

Inflation, expensive money, high taxation and ever increasing overheads are slowly throttling otherwise successful businesses. Given the opportunity of competing abroad on equal terms and without the expense of supporting industries that are continually involved in industrial strife we could afford to buy all the steel and cars we need from overseas.

The Government should take a cue from the electorate and back winners, not losers.

Andrew Grima.
L4 Albany,
Piccadilly, W1.

Taxing energy

From Professor S. Eilon.

Sir, — If the Government wishes to tax the use of energy (particularly gas and electricity), would it not be simpler to subject it to VAT instead of forcing the industries concerned to increase their prices?

Samuel Eilon.
Imperial College of Science and Technology.
Department of Management Science.
Exhibition Road, SW7.

Loyalty to the truth

From Mr. R. Opie.

Sir, — Your Lombard columnist John Elliott (February 15) calls attention to "suspicions that the CBI's role as an objective and accurate reporter of what is going on in industry is being distorted by its political sympathies. . . ." I am deeply shocked that anyone could possibly entertain such suspicions. After all, who can fail to remember how truly objective the CBI was between 1974 and 1979?

But, of course, the years roll on and things may be different now. Mr. Elliott suggests that "it will be interesting to see how the CBI copes with what could become a severe problem of divided loyalties." I leave aside the intriguing suggestiveness of the verb "become," but suggest that there is no such problem. All that is required is a simple loyalty to the truth. That may well be a serious problem.

R. G. Opie.
New College, Oxford.

The root of inflation

From Mr. W. Cooper

Sir, — Your editorial (February 12) concerning inflation is symptomatic of all current economic thinking in that it implicitly assumes that there must be a cure for inflation, and that a "perfect" economic situation would be one of stable prices.

If only economists—and economics journalists—could see our world as it really is then we might stand a chance of reorganising and controlling our affairs with some hope of success. Can anyone explain to me why prices should be stable in the real world, or why control of the money supply should effect such an end?

My views are extremely unfashionable, but if I owned an oil well / coppermine / bauxite deposit etc in a world of rising demand and diminishing (and exhaustible) supply, then, as my customers printed more of their money for my commodities, so I would be tempted to charge even higher prices for supplies. Even if their money supply remained constant, as my oil well/copper mine/ bauxite deposit neared exhaustion so my price would rise in order to "make the most of a good thing." It would not matter to me whether "economists" described general trading conditions as a "recession" or "depression." So long as effective demand exceeded my ability to supply my price would remain constant—or would probably rise. World recessions do not mean a cessation of demand—at worst they mean a small decline in total demand. And if that means my oil well/ copper mine/bauxite deposit will last a couple of years longer. I would be happier.

Equally, if my buyers have to cut their profits/costs in order to remain competitive on world markets, I am not sure I would complain—even if this means substituting increased efficiency and/or capital for labour. Longer queues of unemployed in overseas countries would be of little concern to me as long as demand for my oil/copper/ bauxite remained high enough to maintain production at a profitable level. My confidence in my pricing policy would rest on the knowledge that my customers have no alternative but to pay my price or go out of business—for what industrialised economy can currently operate without oil/copper/ aluminium?

And that, I would conclude, is the root of inflation. In a world of diminishing—and exhaustible —necessities, "money prices" will only rise as resources deplete. After all—what can I do with paper money when my (and everyone else's) oil well/ copper mine/bauxite deposit are exhausted?

Or have I entirely missed the point in not putting "money" first?

Winston A. Cooper.
"Rnnmore," Raleigh Drive,
Claygate, Esher, Surrey.

A Loi Monory in Britain

From the Economic Adviser,
The Stock Exchange

Sir,—Samuel Brittan (Lombard, February 11) argues the case very logically against introducing yet a further distortion into the tax system by giving allowances to individuals who invest directly in shares along the lines of the "Loi Monory" in France.

He argues the case that there is not the same pressing need here for a "Loi Monory" type scheme because British industry is not generally undercapitalised as was its French counterpart. The case for similar tax concessions in the UK is based on the domination of the securities market by the investing institutions. As Samuel Brittan says, their dominant position has been brought about, in part, by fiscal privileges which themselves have led to distortions in the pattern of investing, encouraging the direct investor to switch into indirect forms of investing because it is more tax efficient to do so.

In principle, one must logically agree that it is better to remove existing distortions rather than introduce new ones on the basis that two wrongs don't make a right, but there would clearly be enormous difficulties in reducing the tax benefits of contractual pension and insurance schemes, even if the political will existed.

In this less-than-ideal situation, is there not still a case for reducing the massive disincentive to invest directly in equities, a disincentive which will cause increasing difficulties for the efficient working of the securities market?

Stuart Valentine.
The Stock Exchange, EC2.

Today's Events

UK: Mass meeting of BL Longbridge workers to decide on strike action in support of Mr. Derek Robinson.

Welsh miners coalfield conference in Porthcawl, attended by steel workers from Llanwern.

National Union of Public Employee water workers strike ballot result.

Heavy picketing at Sheerness steelworks.

First Division Civil Servants give views on industrial action.

Royal Agricultural Society conference "UK Farming in Europe—how efficient are we?" at Kenilworth.

National Association of Pension Funds conference, Eastbourne (until February 22).

Professor Jovan Torodović, of Belgrade, speaks on the reliability concept of vehicle design, Institution of Mechanical Engineers.

Sir Peter Gadsden, Lord Mayor of London, receives Parliamentary delegation from Luxembourg, Mansion House; dines with the Dyers' Company at Dyers' Hall.

PARLIAMENTARY BUSINESS

House of Commons: Debate on the Scottish economy. Motions on the Farm and Horticulture Capital Grant (Variation) Schemes Order.

House of Lords: Debate on the political and economic situation in Cyprus. Debate on an effective maritime policy. Debate on the social and economic problems of Wales.

Select Committees: Meetings of the Employment, Education, Industry and Trade, Treasury and Civil Service, Energy, Public Accounts, and Foreign Affairs Select Committees.

OFFICIAL STATISTICS

Department of the Environment publishes indices of average earnings for December and indices of basic rates of wages for January. New construction orders for December from Department of the Environment.

COMPANY MEETINGS

English China Clays, Hyde Park Hotel, Knightsbridge, SW, 12.30. McCorquodale, Waterloo Room, Institute of Directors, 116, Pall Mall SW, 10.30. Martin The Newsagents, Martin House, Ashwells Road, Brentwood, Essex, 12.

COMPANY RESULTS

Final dividends: Anglia Television Group. Benrose Corporation. Carrington Viyella. Foreign and Colonial Investment Trust. Gillett Bros. Discount. United States Debenture Corporation. Updown Investment. Interim dividends: Australian and International Trust. United Real Property Trust.

Drake and Scull at £2.6m after second half fall

TAXABLE PROFITS of Drake and Scull Holdings slipped from £1.42m to £1.33m in the second six months ended October 31, 1979, but the electrical, mechanical and construction engineer's full year result was ahead at £2.63m, compared with £2.53m previously. Turnover for the year rose by over £26m to £65.84m.

Mr. Michael Abbott, the chairman, says the record result was achieved in spite of the national engineering strike, which cost the group some £300,000 in lost profits, and much greater competition, both at home and overseas.

After tax of £1.15m (£0.86m), minorities and extraordinary credits of £0.29m (£0.4m debits), attributable surplus increased by 41 per cent to £1.73m.

Earnings per 25p share are shown as 6.7p (7.9p) before extraordinary items and as 8.3p (5.5p) after the same. A final dividend of 1.5p net raises the total payment by 37.5 per cent from 2p to 2.75p per share.

	1978-9 £000	1977-8 £000
Turnover	65,841	39,498
Operating profit	1,886	1,903
Interest rec.	345	218
Share ass. profit	300	405
Profit before tax	2,631	2,526
Tax	1,150	865
Net profit	1,481	1,661
To minorities	38	28
Extraord. credits	291	†405
Attributable	1,734	1,228
Pref. dividends	214	213
Ord. dividends	503	278
Retained	1,017	737

*Comprises UK tax nil (£322,000); overseas £189,000 (£412,000); associates' £126,000 (nil); deferred £901,000 (£251,000); prior years credit £66,000 (£120,000). †Debit.

The chairman reports that future prospects were enhanced by the Department of Environment selling off its preference shareholding as ordinary shares to institutions in August 1979, following the friendly settlement of the company's transaction with Tarmac.

In addition, the sale of the company interest in the Greyfriars Centre, Ipswich, for £900,000, which will result in an extraordinary profit of some £475,000 for 1979-80, has significantly strengthened its liquid assets.

These two events enabled the directors to submit a capital reduction scheme, which received shareholders' approval at an EGM in November. Last month, the Court approved the reduction in nominal value of each ordinary share from 25p to 1p and the cancellation of the share premium account.

The effect of this capital reduction was to eliminate the negative reserves attributable to ordinary holders and thus ensure continued payment of dividends after the new Companies Bill becomes law.

● comment

Figures from Drake and Scull mark something of a milestone, with the ghost of 1975's £5m loss finally laid. Most importantly, reserves are now in the black, at £160,000 against last year's £5.1m deficiency. The company reports record pre-tax profits—though these are only meagrely up on 1977-78, and that thanks to increased interest receipts. But the company says the apparently modest profits performance, on turnover up £26m, is due to its moving into line with SSAP9, governing striking of profits on work in progress. The attributable profits show a healthier improvement, with extraordinary items arising from property profits resulting in a 41 per cent rise. The current year would seem to promise a similar growth rate, pointing to a possible £100m turnover with indications for pre-tax profits of £3.5m. On that basis, with the shares at 41p, down 3p on the modest profits growth, the prospective fully-taxed p/e of 4.4. The historic yield is 9.9 per cent, with dividend payments now secured against possible legislation by the capital reconstruction.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Sime Darby Berhad, United Real Property Trust.

Finals—Anglia Television, Anglo-African Finance, Bemrose, Berisfords, Carrington Viyella, Foreign and Colonial Investment Trust, Gillett Bros. Discount, United States Debenture Corporation, Updown Investment, Vereeniging Refractories.

FUTURE DATES

Interims—	
Dale Electric International	Feb. 21
Mitchell Cotts	Mar. 6
Raine Engineering Industries	Feb. 26
Victor Products (Wallsend)	Mar. 3
Finals—	
Braime (T. F. and J. H.)	Feb. 26
Cardinal Investment Trust	Feb. 28
Metalrax	Feb. 26
Steetley	Mar. 20
Vantona	Feb. 26
Yule Catto	Feb. 25

M. J. H. Nightingale & Co. Limited

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1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	72	Airsprung Ord.	73	+1	6.7	9.2	4.3†
50	36	Armitage and Rhodes	36	—	3.6	10.6	2.4†
234	185	Bardon Hill	234	—	13.6	5.9	6.9†
100	85	County Care 10.7% Pf.	85	—	15.3	18.0	—
101	63	Deborah Ord.	90	+1	5.0	5.5	9.9
353	140	Deborah 17½% CULS	350	—	17.5	5.0	—
96	88	Frank Horsell	96	—	7.6	8.2	6.0
129	100	Frederick Parker	106	+1	12.8	12.1	4.9†
156	102	George Blair	103	+1	16.5	16.0	—†
62	45	Jackson Group	61	+2	5.2	8.5	3.6†
153	113	James Burrough	114	−1	7.2	6.3	10.0
300	242	Robert Jenkins	250	—	31.3	12.5	8.0†
232	175	Torday Limited	219	—	14.3	6.5	5.7†
34	16¾	Twinlock Ord.	21	—	0.8	4.0	4.0†
80	70	Twinlock 12% ULS	76	—	12.0	15.6	—
66	23	Unilock Holdings	51	—	2.6	5.1	10.8
84	42	Walter Alexander	84	—	4.4	5.2	5.6
190	138	W. S. Yeates	163	—	11.5	6.3	7.1

† Accounts prepared under provisions of SSAP 15.

Increase by City Offices

FOR 1979, gross income of City Offices Company improved from £1.53m to £1.82m and pre-tax profits expanded from £1.29m to £1.39m.

Tax for the 12 months took £326,000 (£173,000). Last year there was an extraordinary credit of £48,000.

Earnings per 25p share are shown at 3.97p (4.56p) and a second interim payment of 1.7p net raises the total dividend from 2.84p to 3p.

The company's activities consist of property investment and development, and investment in stocks and shares.

ASSOCIATE DEAL

Hill Samuel Investment Management has purchased, on behalf of Brockhouse Staff Pensions, a further 150,000 ordinary shares in Brockhouse. This makes a total holding of 1,650,000 (9.58 per cent).

SPAIN

February 19	Price %	+ or −
Banco Bilbao	223	+4
Banco Central	250	+4
Banco Exterior	214	
Banco Hispano	223	+4
Banco Ind. Cat.	135	
Banco Madrid	167	
Banco Santander	264	+3
Banco Urquijo	173	+4
Banco Vizcaya	234	+3
Banco Zaragoza	205	+3
Dragados	101	+1
Espanola Zinc	62	
Fecsa	56.7	+0.2
Gal. Preciados	35.5	+0.5
Hidrola	62.7	+0.5
Iberduero	59.7	−0.3
Petroleos	115	+0.8
Petroliber	72	
Sogefisa	115	
Telefonica	54.2	−0.5
Union Elect.	62.5	

HIGHLIGHTS

The U.S. bond market has fallen further and the sharp rise in interest rates reflects the "Feds" latest credit tightening measures, Lex comments; while in the UK the leasing boom continues, with further enormous growth in 1979, although there are signs that the pace will soon slacken sharply. Lex also considers the annual report of the Lonrho group and finally comments on the crash of UK toymaker Dunbee Combex Marx which went into receivership yesterday. On the inside pages there are comments on Thermal Syndicate, Drake and Scull, Ernest Jones, Norfolk Capital and Marchwiel.

Ernest Jones climbs 27% to record £1.6m

PRE-TAX profits of Ernest Jones (Jewellers) increased 27.2 per cent from £1.3m to £1.62m in the year to September 29, 1979. Group turnover, excluding VAT, rose from £6.3m to £7.94m, an increase of 26.3 per cent.

As a result of the continued growth of this "close" company, the directors are recommending a one-for-one scrip issue. It is intended to raise the authorised ordinary capital from £600,000 to £1,300,000. The new shares will not rank for the final dividend payable on April 3.

The final dividend is 5p making a total of 7.5p (3.5p). No interim dividend has previously been paid.

Profits after tax amounted to £1.59m (£1.27m), producing earnings per 10p share of 31.9p against 27.4p.

Mr. E. Weinstein, the chairman, commenting on the figures, says record turnover and profits were achieved despite the effect on trading of the severe weather conditions and the industrial problems faced during the second quarter.

The programme of selective expansion is being maintained and the group has acquired premises in key locations at Harlow, Peterborough, Milton Keynes, Wood Green and Blackpool. All these branches will be trading during 1980. Last year the group had 45 branches—an increase of 21 since 1973.

The first quarter of the current year has shown very encouraging results, says Mr. Weinstein, and trading during the Christmas period was at a high level. He believes the group's prospects are excellent and he is confident that, in the absence of unforeseen circumstances, it has the ability to continue to produce profitable growth.

The group's retained profit has increased from £1.21m to £1.5m.

● comment

The market was clearly pleased with the first full-year figures as a public company from Ernest Jones. Share prices rose 18p to 216p yesterday. There was good reason too. Pre-tax profits increased by 27.2 per cent and turnover by a similar amount largely because jewellery sales volume was up and the group opened three new branches to bring its total number of shops to 45. Its expansion programme continues in 1980 with five additional shops scheduled to open by this summer. The rise in the gold price did not affect group business last year. Christmas was buoyant and the first quarter of the current year has been promising, but it is still too early to tell whether the rocketing metal prices of the past few months will cause consumer resistance in High Street jewellery outlets. The total net dividend is up to 7.5p and yields 5 per cent, but this is not really comparable to last year when there was no interim. The p/e on stated earnings is 6.6.

Yearlings unchanged

The coupon rate on this week's batch of local authority yearling bonds is 16¼ per cent, unchanged from last week. Issued at par, the stocks mature on February 25, 1981.

The issues are: London Borough of Islington (£1.5m), Hambleton DC (£0.3m), Borough Council of Gateshead (£0.25m), Mansfield DC (£0.45m), Bassetlaw DC (£0.5m), Boston DC (£0.25m), London Borough of Brent (£0.5m), London Borough of Camden (£1m), London Borough of Redbridge (£0.5m), Daventry DC (£0.75m), Cyngor Dosbarth Dwyfor (£0.5m), Islwyn Borough Council (£0.5m), Mid Sussex DC (£0.5m), Royal Borough of Kensington and Chelsea (£0.5m), Tunbridge Wells Borough Council (£0.5m), Arun DC (£0.5m), Barnsley Metropolitan Borough Council (£1m), Chester-le-Street DC (£0.25m), Cumnock and Doon Valley DC (£0.5m), Eastbourne Borough Council (£0.25m), City of Newcastle Upon Tyne (£1m), Northampton Borough Council (£0.5m), Metropolitan Borough of Rotherham (£0.5m) and Strathclyde Regional Council (£1m).

The London Borough of Waltham Forest is raising £1m at 16 per cent, maturing February 16, 1983, and the Mole Valley District Council is raising £0.25m on the same basis. The London Borough of Harrow is raising £0.5m through a five-year variable rate loan which matures February 20, 1985.

Thermal Syndicate ends year ahead at £1.38m

AS EXPECTED, the contribution from the sale of processes and plant at THERMAL SYNDICATE was much reduced, from £570,000 to £72,000, but taxable profits for the October 31, 1979 year came out ahead at £1.38m, compared with £1.17m.

Sir John Paget, chairman, says each of the four profit centres showed an improvement in both turnover and profit—total turnover rose nearly 20 per cent from £10.55m to £12.64m.

Last July the directors reported interim profits of £502,000 (£202,000). A further improvement was expected in the second half to give an overall increase for the full year.

They now say they are reasonably confident the first half of the current year will continue the improvement achieved over the 1978-79 year.

Net profit came out slightly lower at £900,000 (£907,000) after tax of £477,000 against £260,000, giving earnings of 16.93p (17.04p) per 25p share.

An unchanged final dividend of 4p net makes the total 7p (6p).

The group's German company, Thermal Quartz-Schmelze, achieved a small profit for the period, against a loss last time, resulting from stringent control of administrative and other costs coupled with a turnover increase, he explains.

Sir John states that progress continues at Special Metals (Fabrications) with record turnover and profits. Substantial enquiries are being received and further expansion and progress can be expected during the current year.

The directors feel the largest portion of the business of Special Metals, the fabrication of refractory and rare metals such as tantalum, titanium and zirconium, is situated in the U.S.

To gain a foothold there, the net assets, inclusive of freehold land and buildings, of Refractory Welding and Fabrication, of Houston, Texas, U.S., were acquired last November for $362,500.

"I am confident that the acquisition of RWF, and the restructuring of the group's interests in the U.S., will accelerate our expansion there," the chairman says.

During the year, the programme of extending production facilities at Thermal American Fused Quartz Company, Georgetown, Delaware, continued, and the company produced a satisfactory performance.

Sir John is stepping down from the chairmanship after the annual meeting, but will stay on the board. His successor will be Mr. J. E. Bywater, who joined the board last year.

● comment

Thermal Syndicate has got its trading profits back up to the level achieved in 1975-76, but the other main line contributor, the sale of "know-how," produced only £77,000. Technical spin-offs in the shape of "know-how" sales obviously fluctuate—from adding the "jam" to acting as the "saviour"—but last year the fall was dramatic and any significant improvement seems very unlikely during this year. So Thermal will sink or swim on trading operations. Certainly the first half has got off to a good start but there are pricing problems in export markets, even despite the recent minor weakness of Sterling. Overseas both the U.S. and Germany made significant improvements last year, in the case of the latter moving from a £70,000 deficit into the black, so there are no nice recoveries like that to come this time. Nevertheless Thermal's customers are widespread and there are obvious technical abilities which hold customers. At 119p the p/e on stated earnings of nearly 7 and yield of 8.7 per cent is fair enough though the shares are unlikely to outperform.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
City Offices ...2nd int.	1.7	Apr. 8	1.19	3	2.84
Drake & Scull	1.5	Apr. 9	1	2.75	2
Excalibur Jewllry. int.	0.56	Apr. 30	0.29	—	1.12
First Scottish Ameren.	3	Apr. 24	2.15	4.2	3.15
Ernest Jones	5	Apr. 3	3.5	7.5	3.5
Marchwiel	3.6	Apr. 2	3	6	5
Meldrum Investment	2§	Apr. 9	1.35	3§	2.1
Mercantile Investment	1.8	—	1.35	2.52	1.7
Norfolk Capital	0.7	Apr. 28	0.6	1.2	0.9
Olives Paper Mill	0.77	—	0.74*	1.5	1.34*
Thermal Syndicate	4	—	4	7	6
West Coast & Texas	1.25	Apr. 8	1.1	1.25	1.1†
West. & Country ...int.	1	Apr. 30	0.5	‡	1.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 1.5p final forecast. § Includes special 0.5p.

INVESTMENT TRUSTS

Mercantile earns and pays more

GROSS REVENUE of the Mercantile Investment Trust rose from £6.3m to £8.14m for the year ended January 31, 1980, while earnings for ordinary holders were ahead at £3.7m, compared with £2.54m.

Earnings per 25p share are stated up from 1.89p to 2.76p and a final dividend of 1.8p lifts the net total to 2.52p (1.7p) including a non-recurring 0.22p paid with the interim.

Revenue was struck after expenses and interest of £2.44m (£2.33m), tax of £1.87m (£1.3m) and preference dividends, £0.13m (same).

Net assets per share at the year end were 62.75p (58.25p) after prior charges at redemption prices, and 66.75p (62.25p) at market prices.

ATLANTA BALTIMORE

Since December 31, 1979, the Atlanta, Baltimore and Chicago Regional Investment Trust has repaid a U.S.$600,000 loan reducing outstanding drawings under its multi-currency loan facility to nil.

F. & C. EUROTRUST

Net revenue of F. and C. Eurotrust advanced by £22,500 to £54,100 for the half year to December 31, 1979, and stated earnings per 25p share moved ahead from 0.4p to 0.7p.

Gross revenue reached £167,200 against £150,200, comprising franked income of £29,600 (£15,600) and unfranked income of £137,600 (£134,600).

Expenses and interest took £71,800 compared with £90,500, and tax charge was up from £28,100 to £41,300.

In the last full year, net revenue was £91,200 from which a single net dividend of 1.2p was paid.

Net asset value per share at the half-year is shown at 62.1p (61.1p at June 30, 1979).

Loans totalling DM 5.8m were repaid in September 1979.

A five-year multi-currency loan facility of £1m was arranged last month, which has been drawn down initially as FFr 7m and Y130m.

This announcement appears as a matter of record only

HELLENIC AEROSPACE INDUSTRY LTD

US $60,000,000

Medium Term Loan Facility

guaranteed by

THE GREEK STATE

arranged by

CANADIAN IMPERIAL BANK OF COMMERCE

and provided by

Canadian Imperial Bank of Commerce and its affiliates

CANADIAN IMPERIAL BANK OF COMMERCE

DECEMBER 1979

Bank on Grindlays around the world

With our head office in London and 200 branches and offices in some 35 countries, Grindlays means different things to different people around the world.

Our traditional presence in the Middle East, Africa and South Asia.

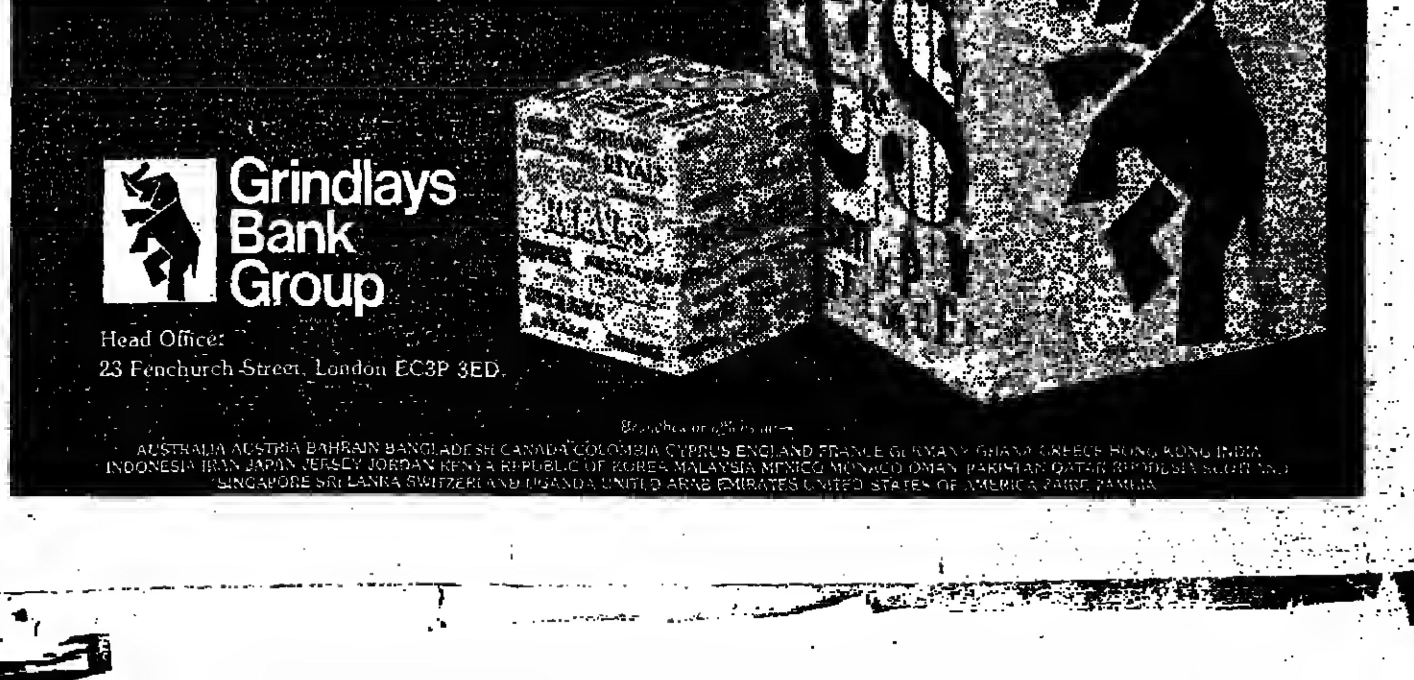
Our expanding role in Asia Pacific, Europe and North America.

Our success in developing relationships in Latin America.

Our corporate and merchant banking capability in London and other key centres.

Whatever Grindlays means to you, we can provide eurodollars, bid, performance and other construction and supply bonds and guarantees, local currency finance, foreign exchange, export finance and a wide range of other banking services—internationally.

That is why we say you can bank on Grindlays around the world.



UK COMPANY NEWS

Norfolk Capital £220,000 rise

A SECOND-HALF rise from £602,675 to £814,606 has lifted taxable profits of Norfolk Capital Group, hotelier and property developer, to a record £928,786 for the year ended September 30, 1979, compared with £707,823.

Turnover for the period expanded by £1.3m to £8.6m.

At halfway, with profits ahead at £114,180 (£105,148), the directors said the full year's results could be awaited with confidence.

After tax of £247,985 (£219,466) net profit came through at £680,801 against £488,357 giving earnings of 3.77p (3.32p) per 5p share.

The dividend is increased to 1.2p (0.9p) as forecast, with a final payment of 0.7p net.

A subsidiary has entered into a conditional contract with Marks and Spencer for the sale of the Red Horse Hotel at Stratford-upon-Avon for £1m cash.

The sale is conditional on M and S obtaining planning permission for the change of the use of the hotel to a retail shop.

Current book value of the property and its contents is £600,000 and pre-tax profits for 1978/79 were £30,500. At current interest rates the disposal would result in a reduction of interest payable of some £190,000, the directors state.

● comment

Norfolk Capital's figures show a performance in line with market forecasts, and the September property revaluation—giving a net asset value of 79.5p per share—helped the shares up 2p to 43p. While in volume terms London hotel occupancy was on average 10 per cent lower year-on-year in January to August 1979, the larger chains like Norfolk held the decline to nearer two points. This was in turn more than offset by reduced discounting, and April's tariff increase. Interest charges remain heavy, at £586,000 for the year, and borrowings in the current year are rising to a likely peak of £6m in spring. After that, the company plans to reduce them from cashflow; though the £1m Stratford sale will also help. Outside forecasts are for steady growth this year to £1.3m pre-tax profits, indicating a prospective fully-taxed p/e of 15.2, with the historic yield at 4 per cent.

Standard Life bond issue

The Standard Life Assurance Company, the largest life company in Scotland, has expanded its unit-linked life operations with the launch of its regular premium plan the Regular Investment Bond.

The company entered the linked life market last October with the launch of its lump sum investment plan, the Single Premium Capital Bond. This has already attracted £4m of investment.

However, the company's regular savings plan is aimed at the upmarket investor. It follows the usual form of maximum investment with minimum death cover necessary to qualify for tax relief.

The plan is for a basic term of ten years, at the end of which the investor can take a tax-free lump sum, tax-free income or continue the contract for a further ten years. The minimum premium is £30 per month or £300 annually.

The investor has a choice of six funds, with full switching facilities. The most popular fund for bond investment has been the managed fund, where the company decides on the mix of other funds. The fixed interest fund has reached £2m, and the equity fund £1.2m.

Standard Life intends to offer a complete product range in its unit-linked operations. Pension plans, both for the self-employed and executives, will be launched later in the year.

ICI CONVERSION

Holders of 3,964 $1,000 6¾ per cent Imperial Chemical Industries convertible guaranteed bonds have exercised their right of conversion into ICI ordinary. The number of bonds now outstanding is 47,899 representing $47,899,000.

Advance by Olives Paper

WITH turnover ahead from £4.97m to £5.41m, pre-tax profits of Olives Paper Mill Co. finished 1979 some £17,000 higher at £342,020.

At the interim stage, when reporting an advance from £148,923 to £158,130, the directors said they anticipated full year results would compare favourably with those of 1978.

They now say that the year ahead promises to be tough and the outcome will inevitably depend to a large extent on the state of the UK economy and a return to more peaceful industrial relations. Recent and current capital investment in new plant will considerably strengthen the company's operation and the board is confident of the company's ability to take full advantage of any upturn in demand.

On earnings per 20p share up from 4.96p to 7.38p, the final dividend is 0.77p net for a 1.5p (1.34475p) adjusted total.

After tax of £105,537 against £166,647, net profits showed a rise from £158,459 to £236,483. This included £57,508 of Government grants relating to previous years and £44,000 of deferred tax in respect of tax relief released.

Marchwiel profits down but strong balance sheet

FOLLOWING the first half fall from £5.23m to £3.42m, profits before tax of Marchwiel, the building, civil engineering and public contractor group, amounted to £12.43m for the year to October 31, 1979, against £13.55m previously.

The directors of the group, which takes in the Sir Alfred McAlpine companies, had anticipated lower results in their interim report and estimated that profits for the year would be about £11m. They now say that without a change in depreciation policy which reduced the charge by £1.29m, profits would have been some £2.4m lower at £11.13m.

After an exceptionally low tax charge of £1.64m (£7.02m) stated earnings per share are 31.6p against 19.3p. The final dividend is the forecast 3.6p making a total of 6p compared with the previous year's 5p.

Turnover increased from £187.54m to a record £238.88m. Mr. A. J. McAlpine, the chairman, blames the disappointing profit result on the prolonged winter last year and continuing losses on large civil engineering contracts.

Outside southern Africa and Portugal, operations overseas did not prosper, the chairman adds.

Pre-tax profits are after depreciation of £7.16m (£6.45m), hire of plant and machinery, £10.1m (£7.67m) and interest, £880,000 (£727,000) but includes investment income, £1.19m (£1.93m) and interest received, £3.01m (£2.35m).

Profit is also struck before extraordinary debits of £2.12m against £2.76m.

The low tax charge arises because of stock appreciation relief for 1973 and 1974 amounting to £3.3m being released as a result of the 1979 finance act. It is also estimated that capital allowances for the year of £1.8m are now not required and have not been provided.

A further factor for the tax was low tax charges in certain overseas subsidiaries due to losses from previous years being brought forward. No tax relief is however available for losses incurred by certain other overseas subsidiaries.

A valuation of properties at October 31 showed a net surplus of £5.27m. To comply with SSAP 6, individual deficits amounting to £518,000 have been charged to extraordinary items while surpluses totalling £5.79m have been credited directly to reserves.

At the year end, shareholders' funds amounted to £58.5m (£46.4m) and general liquid resources and short term investments remained at a high level. The directors are continually investigating opportunities for investing a substantial part of these in new activities which will expand the group.

Activities outside heavy construction continue to make an increasingly significant contribution to profits, the chairman says.

The domestic order book is not as strong as last year, but is satisfactory in the circumstances. The position in Portugal and South Africa is good but the group is very short of forward orders elsewhere abroad, Mr. McAlpine says.

On several public sector contracts, there are significant sums of money outstanding which the group has every expectation of recovering. The financial implications of delay are considerable since payments, when they are made, do not automatically include allowances for interest, the chairman adds.

● comment

There were few real surprises from Marchwiel yesterday. The board had predicted a pre-tax profit of around £11m and the news of £12.4m bumped the share price up 6p to 88p. Yet this was because a change in depreciation policy added an extra £1.3m to the earnings figure and distorted the picture slightly. The UK and international contracting/civil engineering sector has been in the doldrums for some time and there is little cause for optimism about the near future. This is tied to global overcapacity which has been hurting the group's overseas interests, particularly in places like the Sudan. Meanwhile, soaring mortgage rates have cut into the group's housebuilding side. A more heartening factor is the continuing hydro-electric project at Dinorwic, which contributes a healthy part of group turnover (about £30m) and is the group's largest single job. But business is tough and Marchwiel will be no exception if the rest of the industry continues to suffer. At the predicted total net dividend of 6p, the yield is 10 per cent. The p/e comes to 2.7 on stated earnings.

Excalibur Jewellery improves

AN IMPROVEMENT in taxable profits from £398,894 to £476,778 is reported by the directors of Excalibur Jewellery for the first half to October 31, 1979. In the last full year, the surplus went ahead to £882,354 compared to £835,499.

The interim dividend is stepped up from 0.2942p to 0.56p—a final of 0.8258p was paid last time.

Sales advanced in the six months from £2.95m to £3.16m. After tax of £247,925 (£207,425) stated earnings per 5p share are up from 1.17p to 1.43p.

Lonrho changes accounting policy on valuation surpluses

The board of Lonrho is revising its accountancy policy for surpluses arising on valuation of fixed assets and in future the entire surplus from professional valuations of fixed assets will be credited to reerves.

In their annual report, the directors say this policy will be adopted for the year to September 30, 1980 which is the first full year which will benefit from the substantial acquisitions of SUITS, Princess Properties International and the Dutton-Forshaw Group.

The directors say the UK accountancy bodies do not give guidance on the definition of surpluses from valuations of fixed assets and the accounting treatment of depreciation shown to be overprovided. "When a definitive Standard on this matter is issued, the board will naturally ensure compliance therewith," the directors state.

While investment in developing countries, particularly in Africa remains an important part of the group, shareholders will be aware of the increasing investment in the UK and in the Americas, the board explains.

The changing emphasis to investments in developed countries, means that new ventures requiring substantial provision against fixed asset values in early years have less impact on the group.

As reported on February 5 with a full review of the group's operations, profits before tax for 1978-1979 amounted to £84m (£93.64m) after credits of £7.67m (£19.46m). It is also proposed to increase the group's capital from £62.5m to £72.5m by the creation of 40m new ordinary 25p shares.

The directors have considered the present arrangements for the audit of Lonrho and its subsidiaries and one of the auditors, Touche Ross and Company, has agreed not to offer itself for re-election. A resolution for the re-appointment of Peat, Marwick, Mitchell and Company, one of the retiring auditors, will be proposed at the AGM.

Touche Ross will continue as auditors of certain major UK subsidiaries and will become auditors of further major subsidiaries presently audited by other firms.

Shareholders are also being asked to approve the acquisition of the outstanding 50 per cent interest in Nyaschere Copper (Private) in Zimbabwe. The outstanding 50 per cent has been held by a company indirectly controlled by Mr. R. W. Rowland, the Lonrho chief executive.

Nyaschere Copper is a wholly owned subsidiary of HCC Investments in which the Lonrho group has a 50 per cent share.

Emoluments of Lord Duncan-Sandys, the chairman, are shown at £41,167 (£38,000) and the highest paid director received £86,667 (£80,000). Six UK employees received between £20,000 and £25,000 and one employee earned between £25,000 and £30,000.

The shareholding of Mr. Rowland remains unchanged at 26.28m ordinary shares. Meeting, Grosvenor House, Park Lane, W., March 14 at noon.

See Lex

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.300	—	—	—	—	1	15	F.291.20
ABN C	F.310	—	—	5	4.80	—	—	"
AKZ C	F.25	52	1.60	25	1.80	—	—	F.26.30
AKZ C	F.27.50	70	0.70	7	1.10	43	1.60	"
AKZ C	F.30	100	0.30	8	0.60	—	—	"
AKZ P	F.25	16	0.50	—	—	—	—	"
AKZ P	F.27.50	3	2.50	8	2.90	—	—	"
ARB C	F.60	1	5.30	—	—	—	—	F.61.60
ARB C	F.65	5	0.80	8	2	—	—	"
HEI C	F.65	—	—	11	7.50	—	—	F.66.70
HEI C	F.70	10	3	—	—	—	—	"
KLM C	F.70	105	4	—	—	—	—	F.69
KLM C	F.80	63	1.40	5	3.10	5	4	"
KLM C	F.90	52	0.30	—	—	—	—	"
KLM P	F.60	43	1.40	10	5.10	—	—	"
KLM P	F.70	90	5	40	6.80	—	—	"
KLM P	F.80	1	10.50	—	—	—	—	"
NN C	F.120	5	1.10	—	—	10	3.80	F.114.20
NN C	F.126	50	0.40	—	—	—	—	"
PET C	Fr.6500	—	—	—	—	2	530	Fr.6100
PHI C	F.20	—	—	22	1.40	16	1.80	F.19.90
PHI C	F.22.50	2	0.50	17	0.50	10	0.90	"
PHI P	F.20	13	0.70	—	—	10	1.20	"
PHI P	F.22.50	2	2.80	—	—	—	—	"
PHI P	F.25	—	—	80	6.30	—	—	"
PRD C	$20	4	4⅛	—	—	—	—	$23¼
RD C	F.140	88	25.50	10	25	—	—	F.163.70
RD C	F.145	10	18	—	—	—	—	"
RD C	F.150	805	16.50	36	18.50	—	—	"
RD C	F.160	136	9.50	84	11	2	12.50	"
RD C	F.170	287	4.50	164	6.20	9	7.70	"
RD P	F.145	18	0.50	1	2.30	—	—	"
RD P	F.150	819	1.20	20	3.20	—	—	"
RD P	F.160	154	4.20	9	7.20	—	—	"
RD P	F.170	51	8.60	—	—	—	—	"
UNI C	F.120	17	3.80	—	—	—	—	F.119.60
UNI C	F.125	12	1.70	2	2.50	—	—	"
UNI C	F.130	—	—	3	1.40	—	—	"
XON C	$70	10	1⅞	—	—	—	—	$64
XRX C	$70	—	—	4	5¾	—	—	$64½
		May		Aug.		Nov.		
BAS C	DM.150	—	—	2	2.50	—	—	DM148.30
BAS C	DM.160	—	—	10	4.50	—	—	"
MMW C	DM.140	10	2.80	—	—	—	—	DM131.10
SIE C	DM.280	7	6	—	—	—	—	DM275.20
SLB C	$110	8	10¼	5	14¼	—	—	$113¾
VEB C	DM.150	7	11.50	—	—	—	—	DM167.10
VEB C	DM.160	1	6	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 2489

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	18½%
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15½%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

REPORTS AND ACCOUNTS IN BRIEF

ASHDOWN INVESTMENT TRUST—Results for year ended November 30, 1979 reported January 24. Listed investments in UK £13.32m (£13.64m), outside UK £7.38m (£7.64m), unlisted £0.44m (£0.42m). Net current liabilities £0.52m (£45,366). Net liquid funds increased £287,000 (£263,000 decrease). Meeting, 120, Cheapside, EC, March 25, 3 pm.

BOND STREET FABRICS (knitted fabrics)—Results for year ended September 30, 1979 reported January 11. Group fixed assets £2.19m (£2.12m). Net current assets £1.44m (£1.52m). Working capital decreased by £443,843 (£180,528 increase). Chairman's remuneration £3,127 (nil). Meeting, Leicester, March 10, noon.

CALCUTTA ELECTRIC SUPPLY CORPORATION (INDIA)—Interim dividend 6 per cent for year to March 31, 1980, less Indian tax.

CAMBRIDGE WATER—Results for year to December 31, 1979, already known. Capital expenditure £7.4m (£6.4m). current assets £2.9m (£0.76m). current liabilities £0.99m (£0.45m). capital raised £8.78m (£6.23m). Meeting, Cambridge, February 28, 4.30.

CAPITAL RESERVE FUND (investment company)—Net revenue for half-year to December 31, 1979, £20,529 (£16,907 for period January 11, 1979, to June 26, 1979). No dividend (1p). Net asset value £10.9567 (£10.3308). No further provision made for Guernsey tax as maximum annual liability of £300 for 1979 was provided for in accounts to June 26, 1979.

CHARTER TRUST AND AGENCY—Results for year ended November 30, 1979, already reported. Quoted investments in GB £22.37m (£22.6m), abroad £6.74m (£7.98m); unquoted in GB £0.73m (£0.61m), abroad £0.64m (£0.51m). Net current assets £0.81m (£0.69m). Total assets £31.28m (£32.28m). Shareholders' funds £29.21m (£29.75m). Meeting, 20, Fenchurch Street, EC, March 13, 2.30 pm.

CITY AND FOREIGN INVESTMENT—Net profit for 1979 £675 (£1,216 loss) after tax £1,203 (£1,222). No dividend (same).

CLAVERHOUSE INVESTMENT TRUST—Results for 1979 already reported. Listed investments in GB £6.48m (£6.05m), outside GB nil (£55,308), unlisted £118,040 (£134,532). Current assets £382,080 (£266,410). Liquidity decreased £11,000 (£97,000 increase). Meeting, 8, Crosby Square, EC, March 3, 2.15 pm.

GREENBANK TRUST—Interim dividend 4.2p (3.6p) for 1979. No further dividend for year. Revenue after all expenses and tax £39,061 (£33,091). Tax charged £17,954 (£16,000). Dividend £33,600 (£28,800). Earnings per share 4.88p (4.14p). Net asset value of 25p ordinary shares (after allowing for payment of dividend) 92¼p (89½p).

THE MALASIA RUBBER COMPANY—Profits for nine months to December 31, 1979, £53,277 (£51,912), before tax £15,850 (£17,520). Profits comprise net revenue £31,548 (£31,800), surplus on trade investment disposal £300 (£5,187) and associate dividends £21,429 (£14,925). Earnings per 10s share 2.08p (1.91p). As already known, interim dividend 1p (0.75p) net to reduce disparity. Valuation of investments and net current assets £3.24m (£1.53m), net asset value 180.21p (84.78p) per share.

M & G AUSTRALIAN AND GENERAL FUND—Final distribution on income units for accounting period ended on February 10, 1980 will be 0.5p net per unit (0.42p), payable April 5. Total distribution for period amounts to 0.8p net per unit (0.72p).

M & G FAR EASTERN AND GENERAL FUND—Interim distribution on income units for the accounting period to August 10, 1980 will be 0.410p net per unit (0.413p) payable April 10.

TRIDENT TELEVISION—Results for year ended September 30, 1979, reported January 29 in full preliminary statement with prospects. Group fixed assets £17.08m (£12.15m), net current assets £12.41m (£10.53m), bank loan nil (£0.73m). Chairman believes that direct-to-home satellite broadcasting will become a major factor during 1980s and group must be ready to exploit opportunities this provides. Chairman's emoluments £42,738 (£34,725). Meeting, The Dorchester, W, February 26, 11.30 am.

UNITED STATES AND GENERAL TRUST CORPORATION (investment trust)—Results for 1979 reported January 17. Investments at cost £9.28m (£8.87m). Current assets £821,262 (£743,535). Current liabilities £629,080 (£593,742). Meeting, 11, Walbrook, EC, March 12, 2.30 pm.

WILLOUGHBY'S CONSOLIDATED COMPANY—Results for year to September 30, 1979 already known. Fixed assets £5.09m (£5.41m), net current assets £1.43 (£1.47m). At January 14 Lonrho held 86.2 per cent and South African Mutual Life Assurance Society 10.4 per cent of equity. Chairman says outlook for 1980 uncertain but increased cattle sales by 1,000 head is planned and inclusion of higher proportion of slaughter stock should give a better return. Meeting, Cheapside House, EC, March 11 at noon.

WINTERBOTTOM TRUST—Results for year ended November 30, 1979, reported January 9. Investments totalled £15.03m (£15.76m): UK £7.86m (£8.76m), overseas £7.17m (£6.47m). Current assets £173,316 (£208,461). Current liabilities £392,632 (£430,216). Total net assets £14.82m (£15.54m). Net liquid funds decreased £187,000 (£151,000 increase). Meeting, Great Eastern Hotel, Liverpool Street, March 4, 11 am.

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9/15 March 1980
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ERNEST JONES

Results for the year ended 29th September 1979

	1979 £000	1978 £000
TURNOVER (VAT inclusive)	9,002	7,026
TURNOVER (VAT exclusive)	7,938	6,285
PROFIT before TAXATION	1,618	1,272
PROFIT after TAXATION	1,595	1,269
EARNINGS per Share	31.9p	27.4p
DIVIDEND per Share (net)	7.5p	3.5p

Points from the Chairman's Statement:
- Group turnover increased by 26%
- Group profit increased by 27%
- 1-for-1 Scrip Issue proposed
- Trading during first quarter of current year was at a very high level

Copies of the Report and Accounts may be obtained, on or after 27th February, from The Secretary.

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DCM RECEIVERSHIP

A case of too much too soon

BY ARNOLD KRANSDORFF

FOR Richard Beecbam and Basil Feldman, joint managing directors of toymakers Dunbee-Combex-Marx, yesterday was the saddest day of their lives. After a hattle lasting more than two years, the company they founded 34 years ago was in ruins.

Just two years after turning in record profits of £6.4m, they have been forced to ask Midland Bank, their main hackers, to appoint a receiver. Now DCM, whose products include such famous names at Pedigree, Scalextric aod Sindy, is headed to he sold off piecemeal—a fate endured by another major toy company, Lines Brothers, nioe years ago.

In DCM's case, its recipe for diaaster was aimple enough. In essence, it made the classic mistake of expanding much too quickly in a market that it did not know well enough.

What hroughi it down was that it had taken oo too many commitments and loan guarantees in relation to the size of the originel UK business. The UK operation had itself heen weakened hy the sharp recession in the toy Industry, hy the impect of sterling on export markets and by record interest rates.

The UK busioess has remained profitable hut not profitable enough to support the hurdensome overseas operations.

The decision lo appoint a receiver is the end of the line for one of Britain's besi-known toy companies. Tbe group prohahly supplied about 90 per cent of all toy retailers in the UK

In the UK there are five toy subsidiaries—Combex, based in Peterhorough, Burhank of Wellingborough, Louis Marx in Swansea, Rovex in Margate and Nova, of Maxey, neer Peterhurough. The DIY and Industrial division Included such names as DCM Plastics, Decco and Stephen Wilson Services.

At one stage there were overseas operations in Australia, France, Holland and West Germany with the North American division including operations in the U.S., Canada, Hong Kong aod Singapore. DCM also supplied moulds to Russia In exchange for maoufactured products and had an exclusive £25m 10-year trading agreement with China.

DCM's troubles started in 1978 when It was decided to expand the group's operations In the U.S., the world's biggest toy market. It did so hy acqulring the toy and model husiness, and certain other assets, of Aurora Products Corporation, a subsidiary of the Nabisco foods group.

The group was already operating profitably in the U.S. through its existing Louis Marx subsidiary acquired in 1976 from Quaker Oats but things started to go wrong when the group tried to integrale the new company into lbe existing factories.

At the time of the acquisition Aurora was the market leader in the U.S. for model car racing sets, holding a 45 per cent market share. However, It had heen e persistent problem to Nabisco, chalking up losses of roughly $20m in the previous four years.

In spite of thia, DCM hought Aurora's essets, totalling around $20m, for $11.5m, and said at the time it hoped to turn the business round to profits in one year.

The company was confident enough to predict at the tima that it boped to apply for a listing on the New York Stock Exchange as soon as the U.S. operation was on a more profitable hasis.

Up to then, DCM had established one of the fastest growing profit records over the previous decade. As early ago as 1970 profits were a mere £0.3m but hy 1977, after rapid organic growth and acqnialtion, pre-tax earnings had topped £6.4m.

But in 1978 the first cracks appeared, in spite of an optimistic statement hy chairman Lord Westwood at the annual meeting in July.

Just three months later, the company revealed a turnround of £3.7m to a loss of just under £3m for the first half of 1978 end Lord Westwood warned that full-year profits would he below the previous year's peak.

In the previous month the group's share price was standing at 153p hut ahead of the figures it had slumped to 120p, falling another 20p after the implicationa had set In. The sharp fall in the share price ahead of the announcement subsequently snarked off e Stock Exchange investigation into possihle insider dealings, hut no statement has yet been issued.

In the meantime, worried institutional shareholders succeeded in arranging a top-level meeting with DCM at which the directors apparently convioced them that the necessary remedies were heing implemented.

Apologising for misjudging its forecasts, the group said that although Aurora was "rotten to the core" and that Louls Marx's sales were likely to he below hudget, the U.S. operation was expected to at least hreak even for the full yeer. Further, they expected the dividend to he maintained out of earnings.

But six months later, In April, 1979, the company disclosed thal because of overseas losses, 1978 earnings would not he sufficienl to cover a maintained dividend. However, because of confidence In the group's uoderlying strength, the directors said they would go ahead and pay it out of reserves.

In the meantime, the company mounted its defensive strategy.

Little over a mooth later, in April, 1979, the compaoy revealed its 1978 results—profits had tumbled from £6.4m to £1.2m mainly because of overseas losses.

Even at this stage, the company was still making optimistic noises. In his annual statemeni in July, Lord Westwood reported that there was intense interoal actvity going on — the first stage to setting the group on e course to "eventually surpass former profit levels."

Part of tbe strategy was a proposal to float off the successful DIY and Industrial division in order to inject capltal ioto the mainstream toy business.

However, any euphoria was son oversbadowed by the company's decision to withdraw the 1978 report and accounts and Issue enother. The company said it had discovered certain accounting errors, the hasis of which waa a failure to consolidate subsidiary companles correctly.

In the original versinn, all DCM's bank loana and overdrafts were described as secured whereas in fact £15m of the £26m total was unsecured. There waa also a discrepency over current and non-current liabilities where a current liahility should have formed part of a noo-current total.

The picture hecame eveo more gloomy when, in November last year, the company revealed that first half losses in 1979 had increased hy £5.12m.

Then came the announcement that gave new hope; a deal was in the pipeline to extricate the group from direct involvement in the U.S.

Letters of iotent had been signed with two U.S.-quoted companies to hive off the group's hurdensome activities ecross the North Atlantic hut agreement was still subject to approval by the main hoerds of the companies concerned. A decision was expected hy the end of January.

But things dragged on and earlier this week it was learned that the two companies involved — Empire of Carolina and Leisure Dynamics—were not prepared to do a deal. The main reason, it appeared, was the move hy creditors in the U.S. to file a petition under Chapter 11 of the Federal Bankruptcy Act to preserve their rights.

This effectively compels the company to work out a plan to pay its dehts which, eccording to Louis Marx, total $110 against assets of $98m. Although, under U.S. law, the parent company is not automatically liahle for the debts of its U.S. suhsidiary, DCM had committed itself to back some of these dehts.

According to yesterday's stetement, the effects of this is such that DCM cannot meet its liabilities. Accordingly—in the ahsence of further backing hy its main backers, the Midland Bank—the company has heen forced to request that a receiver he appointed.

Judge rules in favour of Prudential

BY JOHN MAKINSON

MR. JUSTICE VINELOTT yesterday concluded his jndgement on one of the longest and most expensive high court actions in recent history; the Prudential Assurance against Newman Industries aod others.

In a reserved judgement which took 1½ days to read, the judge ruled in favour of the Pru and establisbed a significant precedent hy extending the circumstances where a ahareholder can bring proceedings against directors of a company.

The judge accepted the Pru's two allegations that a circular issued by Newman in 1975 had heen tricky end misleading and that action hy two directors of the company amounted to conspiracy. The directors, Mr. Alan Bartlett and Mr. John Laughton, had recommended to shareholders of Newman that the company buy all the assets and liablities of Thomas Poole and Gladsone China except lts holding in Newman.

Mr. Bartlett and Mr. Laughton were respectively cbeirman and vice-chairman of hoth Newman and TPG and the judge said that they were pressured hy the deteriorating financial position of TPG into pushing throngh its sale to Newman at an unrealistically high price. The two men held e 35.8 per cent stake in TPG, primarily throngh a private company called Strongpoint.

The judge said the Newman circular had been tricky and mlaleading on a variety of counts. A statement that "the hoard is satisfied that the henefits which will accrue to the company as a result of the agreement fully justify the price payable" was false, since the fnll board had not approved of the deal and bad not been appraised of all information relevant to it.

Furthermore, the affirmation that auditors Deloitte and Co. had stated the price to be fair was misleading since the shareholder would assume that the board had presented in a fair way all relevant information to Deloitte. This was not the case, the judge said.

Mr. Justice Vinelott also ruled that the attribnted values in the circular were misleading since they were mucb higher than the quoted market values and that the loans entered as assets in the circular were suhstantially overvalned. In particular, he noted that promissory notes owed hy a company called Smithamcote were entered at face value when Smithamcote had already defaulted on payment.

A payment of £216,000 to TPG on account of the consideration had been concealed both from the board and from the euditors, Mr. Justice Vinelott said, adding that the date of payment was elso hidden from shareholders.

The judge took issue with the commercial reasons for the sele which he described as "so extravagant that they could not have been honestly entertained as even a valid reason."

On the qnestion of conspiracy, Mr. Justice Vinelott also clted e string of instances. He said that Mr. Bartlett end Mr. Laughton had constructed a false strategy document raising the improbahle spectre of a reverse takeover of Newman by TPG and attrihuting a misleading value of £350,000 to TPG in a pro forma balance sheet.

At a meeting on March 17, 1975, Mr. Bartlett and Mr. Laughton used their influence to ensure that auditors and not a merchant bank carried out the valuation, the jndge said. In the belief that they would thereby obtain a more favourable valuation. The Stock Exchange, the auditors and the Newman hoard were subsequently provided with misleading information.

The expense and longevity of the case was considerable hut Prudential took the view that its action would bring wider henefits hy clarifying murky areas of company law and would demonstrate that at least one powerfnl city institution was prepared to take up arms on hehalf of small shareholders.

The Pru itself will gain little from the case, at least directly. It bas never owned more than 5 per cent of Newman Induatries eqnity and, whatever the inquiry aa to damages determlnes, it will hardly grow rich on the proceeda. The Pru has, however, thrown a good deal of light on a labyrinthine sequence of events.

The package to he sold to Newman amounted to almost the whole of TPG. The assets were valued at £1.5m and the liahilities at £1.17m, leaving a net purchase price of £325,000.

Details of the proposal were set out in a circular to shareholders issued by Newman and dated June 21, 1975. The deal was subsequently approved at an extraordinary general meating, despite the Prudential's opposition, and the sale was completed.

Tha circular has been the cornerstone of the Pru's case. It charged that the document was misleading and, after originally seeking rescission of the whole deal, amended pleadings to claim damages in lieu of rescission.

The two central witnesses called by the Prudential were Sir Charles Ball, and Mr. Angus Murray, chairman of Redman Heenen. Sir Charles, who is a former chairman of Barclays Merchant Bank, gave evidence on the method of valnation used hy Newman. He said, for example, that Smithamcote is which Newman hought a significant stake through TPG, was already insolvent at the time of the circular.

Sir Charles was recalled to the witness box after the disclosure of a fresh batch of documents and said that, in his opinion, Newman shonld have heen paid a net figure of around £250,000 for tbe package—a discrepancy of £575,000 from the figure actually agreed.

Mr. Bartlett argued that £325,000 represented a fair price becausa of the earnings potential of the companies heing sold. He also pointed out that Deloitte, the city accountants, had statad that the price paid represented a fair value. Mr. Bartlett told the court that the performance of Newman was suffering through the time which he was having to devote to the case.

The second leading witness for the Prudential was Mr. Angus Murray, who had been a non-executive director of Newman until early 1975, when he resigned and expressed vigorous opposition to the deal. He describad the often stormy meetings which led to the sale and what he saw as the determination of Mr. Bartlett and Mr. Laughton to push it through regardless of the Interests of Newman shareholders.

Mr. Peter Cooper gave evidence on behalf of Deloitte, which is by coincidence the Prudential's auditor. He maintained that the attrihuted valne was a fair one but conceded that he had been acting under unusual pressure of tima when assessing the figres.

The case has already cost two principal defendants a good deal. Mr. Laughton withdrew instructions from bis counsel in mid-July claiming that be had exhausted his resources and Mr. Bartlett was obliged to sell 225,000 ahares in Newman in order to meet his costs.

For most of the case Mr. Bartlett was the only active defendant and he spent several daya in the witness box. Mr. Laughton, hy contrast, was not called aa a witness and avoided the limelight.

The two other defendants, Newman and TPG, mostly played a nominal role in proceedings.

BIDS AND DEALS

Burgess bid for Norrington is valued at £800,000

FREDERICK H. BURGESS, the unquoted agricultural engineer, has emerged as the hidder for Henry Norrington and Son, also an agricultural engineer, with an offer which places a value of nearly £800,000 on the company.

Burgess is offering 21p in cash or 21p nominal of a variable rate guaranteed unsecured loan stock 1980/84 for each Norrington shere which comperes with a suspension price of 16p.

Burgess, which is the largest agricultural machinery distrihutor In Europe, held 135,000 Norrington shares prior to their suspension on February 4th. This represented 3.5 per cent. On February 7, they hought 207,026 ordinary stock units (5.4 per cent) at a price of 21p ex. div. On that date Burgess also acquired options to purchase a further 577,053 ordinary stock units in Norrington (5.1 per cent) at a price of 21p ex. div.

Listing of the group's shares are to he restored this morning.

Subject to no higher offer heing received, the directors of Norrington, with the exception of Mr. C. D. H. Lewis, recommended ahareholders to accept the offer and have themselves, together with their family holdings, undertaken to accept It in respect of 1.32m ordinary stock units representing 34.8 per cent of the capital.

Together with its options, Burgess now commands a 58.9 per cent interest.

City & Cont'l in talk with Australind

City and Continental Property, a private property group, is holding takeover talks with Australind Steam Shipping, in which P & O has a 38 per cent stake.

Australind has two SD14 ships and one SD15, plus a shipbroking arm, Trinder Anderson. At current market prices the threa ships are worth around $18m. The current new huilding price for a SD14 is around $11.5m. At the end of 1978 Australind had shareholders' funds of £3.2m and secured borrowings of £4.8m. A pre-tax loss of £0.6m was incurred in 1978.

City and Continental is a private holding company for a groap of property development and investment companies operating In the West Midlands and in the West End of London. The company is controlled hy Mr. John Brown and the value of its current investment programme is said to be worth £25m.

Mr. Brown is understood to have had a long-standing interest in shipping and his company has advised Australind that it intends to develop and expand the bnsinesses.

One of the hig attractions of a shipping company to a prospective purchaser is the unused capital allowances and the free depreciation. For companies making large profits a shipping company can provide an attractive tax shelter.

CERAMIC HAS 28% OF ARMITAGE

Ceramic Investments has hought 200,000 Armitage Shanks Group shares at 101p.

Ceramic now owns 9,002,500 shares (28.6 per cent). The offer by Blne Circle for Armitage closes tomorrow.

CONTROL SECS. £1.2M PROPERTY DEAL

Control Securities has sold its freebold interest in Phase I of its industrial park at St. Peter's Road, Huntingdon. The purchasers are one of the major Scottish Institutions.

The price for the 57,000 sq ft unit, producing a rental in the region of £85,000 a year, waa ahout £1.2m.

The entire first pbase is let to Insulpak which Is a wholly-owned subsidiary of Dart Incorporated of the U.S.

When completed, the St. Peter'a industrial park will comprise some 200,000 sq ft of fully landscaped warehouse and factory accommodation on a 12½-acre aite.

Control Securities is proceeding with the construction of Phase 2, scheduled for completion In the autumn and offering factory and warehouse units between 10,000-40,000 sq ft.

RACAL/DECCA

The Kuwait Investment Office has confirmed that it sotd half its 10 per cent atake in Decca to Racal last Thursday. It still retains 365,000 voting shares.

After obtaining irrevocahle acceptances from a numher of institutipns hplding around 14 per cent of Decca's votes, Decca and Racal combined to persuade a number of others with aome 6 per cent to sell their shares through the market by way of e "put through"—a pre-arranged deal—conducted by Carr Sehag on Thursday afternoon.

It was this deal which gave Racal control of Decca and shut GEC out of the bidding.

Hill Samuel Investment Management, as associates of Racal has, on behalf of discretionary investment clients, hought 250 GEC at 381p and 350 Racal at 214p, and sold 1,500 GEC at 376p.

Carr Sebag and Company, on behalf of Racal yesterday, bought 196,900 Decca ordinary at 600p.

COMPAIR

Grieveson Grant, as an associate of Imperial Continental Gas Association, has bought, on behalf of ICGs 200,000 Compair ordinary at 103p. Morgan Grenfell, as an associate of Compair, has purchased on hehalf of discretionary clients twn hlocks of ordinary shares at 103p; one of 80,000 and one of 70,000.

NASH/RELIANT

The offer by J. F. Nash Securities for the minority in Reliant Motor Group has been accepted in respect of 5,273,458 Reliant ordinary shares (90.5 per cent of those not already owned) and 95,553 preference shares (95.6 per cent). Balance will be acquired compulsorily.

Tung's reasons for Furness takeover

The C. Y. Tung Group has heen having useful discussions with Furness Withy and more are planned for later this week, according to Mr. C. H. Tung, the son of the founder of Hong Kong's second higgest shipping group.

Speaking at a Press conference in London yesterday, Mr. Tung explained that Furness Withy's activities were complementary with those of the Tung group and this was one of the main attractions behind the hid.

Mr. Tung said that tbe combined group would benefit from economles of scale both on the financial and operational side. He also said be was attracted by Furness' stake in the offshore market, and its stake in Overseas Containers.

Orient Overseas Container (Holdings), the quoted arm of the Tung emplre, announced a 360p per share bid for Furness Withy on February 14 which values the group at £96.5m.

Mr. Tung stressed that it was his intention to maintain the British character of Furness, and he would like to keep its 16 per cent stake In Overseas Containers, whicb be described as one of the most efficient shipping companles in the world.

He said It was much too early to reveal any plans for what tha Tung group wonld do with Furness' majority owned subsidiary, Manchester Liners.

The majority of the 119 ships in 9.4m dwt Tung shipping fleet fly under flags-of-convenience. However, Mr. Tung stressed that he wanted to increase the proportion flying the British flag.

While the Tung group is very much a bulk shipping enterprise, and Furness a liner shipping company, there are certain similarities hetween Furness and Orient Overseas Containers, which operates a fleet of 22 container ships.

MLM TO ISSUE MORE SHARES

Montague L. Meyer has opted to reduce the casb element of the purchase consideration for Van Riesen Beheer, a Dutch timber merchant, by the issue of further ordinary shares.

As part of the Fls 29.4m (£7m) deal Meyer has already issued 320,000 shares. Meyer plans to issue a further 3.32m shares to the vendors of wbich 3m have been placed with various institutions at 90p.

Meyer last month arranged a £15m medium term multi-currency loan to part finance the Dutch acquisition and for further expansion.

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For immediate information

Mr. Chr. Marich, our Sales Manager, will be in London at the Dorchester Hotel, Park Lane, W1 - Tel: 01-629 8888 on Tuesday, February 19th; Wednesday, February 20th; Thursday, February 21st

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COMPANY NOTICES

GENERAL MOTORS CORPORATION

NOTICE IS HEREBY GIVEN that resulting from the Corporation's Declaration of a DIVIDEND of $1.15 (gross) per share of the Common Stock of the Corporation payable on 10th March, 1980, there will become due in respect of BEARER DEPOSITARY RECEIPTS a gross distribution of $.75 cents per unit.

The Depositary will give further NOTICE of the STERLING EQUIVALENT of the net distribution per UNIT payable on and after 17th March, 1980.

THE CORPORATION'S FINAL REPORT FOR 1979. Authorised Depositaries are assisting in the distribution of this report to holders of Bearer Depositary Receipts. Copies may also be obtained from Barclays Bank Limited.

Barclays Bank Limited, Securities Services Department, 54 Lombard Street, London EC3P 3AH.

PROVINCE OF NEWFOUNDLAND 9% 1977/1989 U.S. $50,000,000

Pursuant to the terms and conditions of the Bonds, notice is hereby given to Bondholders that, during the twelve-month period ending February 14, 1980 U.S.$1,250,000 of such Bonds were purchased in satisfaction of the Purchase Fund. Outstanding amount: U.S.$47,200,000.

THE FISCAL AGENT KREDIETBANK S.A. Luxembourgeoise

Luxembourg, February 20, 1980.

MURATA MANUFACTURING COMPANY LTD. (CDRs)

The undersigned announces that the Semiannual report ended September 20, 1979, of Murata Manufacturing Company Ltd. will be available in Luxembourg at: Kredietbank S.A. Luxembourgeoise and further in Amsterdam at: Algemene Bank Nederland N.V. Amsterdam-Rotterdam Bank N.V. Bank Mees & Hope N.V. Pierson, Heldring & Pierson N.V. Kas-Associatie N.V. Amsterdam, February 14th, 1980. AMSTERDAM DEPOSITARY COMPANY N.V.

ANGOSTURA BITTERS (DR. J. G. B. SIEGERT & SONS) LIMITED (Incorporated in Trinidad, W.I.)

NOTICE IS HEREBY GIVEN that the Board of Directors have decided to recommend to the stockholders at the Annual General Meeting to be held on 25th February 1980 next, the Declaration of a Final Dividend of 18 cents per unit of ordinary stock, making a total of 30 cents for the year. Audited Consolidated figures for 12 months ended 30th September last Sales T.T. $73,529,794 Net Profit before taxation T.T. $11,416,555 after taxation T.T. $5,134,298, compared with figures for 12 months to 30th September of the previous year Sales T.T. $57,643,185 Net Profit before taxation T.T. $9,093,548 after taxation T.T. $3,168,833. Dividend Warrants will be posted in Trinidad on or about 28th February 1980. The Transfer Books will be closed from 20th February 1980 to 28th February 1980 both days inclusive.

A. J. HEDGER, Transfer Officer. Canadian Imperial Bank of Commerce, 55, Bishopsgate, London, EC2N 3NN.

JUSCO CO. LTD.

At a meeting of the Board of Directors of the above Company held on 21st January 1980, it was resolved that a free distribution of fully paid shares of common stock to shareholders on the register of shareholders as at 20th February 1980 be made on the basis of one new share for every ten shares then held.

The Depositary Shares of the Company evidenced by European Depositary Receipts ("EDRs") will, subject to the fulfilment of all necessary legal requirements in Japan, participate in this distribution through the issue of new EDRs. One Depositary Share is equivalent to ten shares of common stock of the Company, and new EDRs can be issued only in multiples of ten Depositary Shares. Accordingly any shares representing fractions of ten Depositary Shares will be sold and the proceeds distributed to the persons entitled thereto.

Holders of EDRs are advised that in order to claim their entitlement pursuant to the free share distribution coupon number 7 should be lodged as soon as possible after 20th February 1980 at the offices of either:— Hill Samuel & Co. Limited, 45 Beech Street, London EC2P 2LX. Kredietbank Luxembourgeoise S.A., 43 Boulevard Royal, Luxembourg.

Q. P. CORPORATION (Q. P. Kabushiki Kaisha)

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS ("EDRs")

EDR holders are informed that the sixty-seventh Ordinary General Meeting of Shareholders of Q. P. Corporation will be held at 10 a.m. (Tokyo time) on Thursday, 25th February 1980 at the Head Office of the Company (6th Floor Conference Room), 4-13, Shibuya 1-Chome, Shibuya-ku, Tokyo, Japan, to transact the following business:

1 Receipt of report on election of Account Auditor; and

2 Approval of the balance sheet, as of 30th November 1979, business report and statement of income and proposed appropriation of retained earnings for the 67th business term from 1st December 1978 to 30th November 1979.

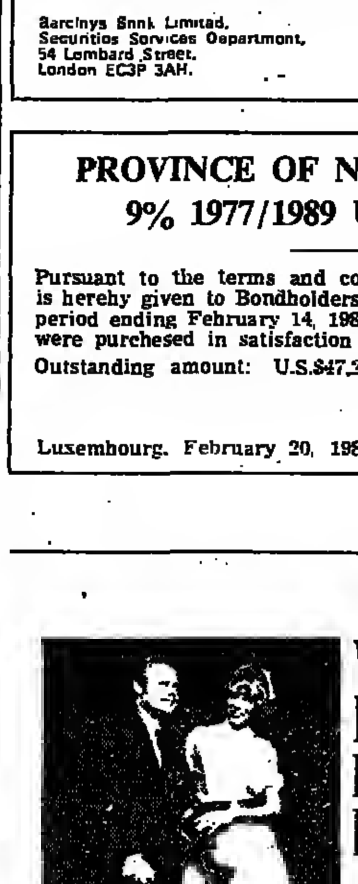
Copies of the business report, non-consolidated financial statements and further information on the matters to be considered at the above meeting are available at the office of the Depositary, Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB, or the Agent, Banque Générale du Luxembourg S.A., 14 rue Aldringen, Luxembourg.

EDR holders wishing to vote at the meeting should instruct the Depositary in writing by the close of business in London on 25th February 1980 as to how they wish to vote. Instructions must be accompanied by either (i) EDRs evidencing the relevant number of Deposited Shares in respect of which they wish to exercise their voting rights or (ii) a certificate from the Agent (or from another bank approved by the Depositary) stating that the relevant EDRs have been deposited with it and are to be held in a blocked account until after the Meeting or any adjournment thereof.

KLEINWORT, BENSON LIMITED Depositary.

London. 19th February 1980.

WE, THE LIMBLESS, LOOK TO YOU FOR HELP



We come from both world wars. We come from Kenya, Malaya, Aden, Cyprus... and from Ulster. From keeping the peace no less than from war we limbless look to you for help.

And you can help, by helping our Association. BLESMA (the British Limbless Ex-Service Men's Association) looks after the limbless from all the Services. It helps, with advice and encouragement, to overcome the shock of losing arms, or legs or an eye. It sees that red-tape does not stand in the way of the right entitlement to pension. And, for severely handicapped and the elderly, it provides Residential Homes where they can live in peace and dignity.

Help BLESMA, please. We need money desperately. And, we promise you, not a penny of it will be wasted.

Donations and information: Major The Earl of Ancaster, KCVO, TD., Midland Bank Limited, 60 West Smithfield London EC1A 9DX.

British Limbless Ex-Service Men's Association

'GIVE TO THOSE WHO GAVE—PLEASE'

143rd CONSECUTIVE QUARTERLY CASH DIVIDEND

The Board of Directors of ENSERCH Corporation on January 31, 1980, declared a regular quarterly dividend of 39 cents per share of common stock, payable March 3, 1980, to shareholders of record February 15, 1980.

For additional information, please write to Benjamin A. Brown, Vice President, Finance, Dept. L; 301 South Harwood, Dallas, Texas 75201.

ENSERCH CORPORATION

THE BRUNNER INVESTMENT TRUST LIMITED

Managers: KLEINWORT, BENSON LIMITED

Extracts from the Statement by the Chairman, Mr. T. B. H. Brunner, and summary of the results for the year ended 30th November 1979.

Earnings and Dividend: Net income rose by 23.6 per cent. to £816,192. Your Board recommends payment of a final dividend of 2.75p per share resulting in a total distribution of 4.90p per share (4.00p in 1978).

Assets: The value of invested funds after deduction of prior charges at par and net current liabilities increased by 3.7 per cent. to £21,882,346.

Portfolio: Since the year end we have added to our investments in Japan and the Far East.

	1974	1978	1979
EARNINGS per Ordinary Stock Unit (Net)	2.61p	4.13p	5.10p
DIVIDEND per Ordinary Stock Unit (Net)	2.43p	4.00p	4.90p
NET ASSET VALUE per Ordinary Stock Unit	47.6p	131.9p	136.8p

The Annual General Meeting will be held at 20 Fenchurch Street, London EC3P 3DB on Friday 14th March 1980 at 12.45 pm

MINING NEWS

Ashton venturers plan Argyle pilot plant

BY JAMES FORTH AND PAUL CHEESERIGHT

A pilot processing plant is to be installed at the Argyle alluvial diamond deposit in the Kimberleys region of Western Australia, Sir Charles Court, the state premier, announced yesterday.

Argyle, which was discovered last year, is being investigated by the Ashton joint ventures, led by Conzinc Riotinto of Australia, concurrently with an examination of the nearby Ellendale diamond deposit.

In an announcement presumably timed to extract advantage before the state election on Saturday, Sir Charles said the plant could provide the basis for commercial development of the deposits. It is not, however, an uncommon practice to scale up pilot plants for commercial use.

The state Government had already held discussions with the Ashton joint venturers about the requirements for diamond mining, Sir Charles said. Such discussions, a normal part of liaison between a mining group and the local authorities, have in fact been going on for some months.

The joint venturers will incorporate an operating company in Western Australia, Sir Charles said. This would be normal practice.

Echoing the quarterly reports issued by CRA about exploration progress and the results of bulk sampling, Sir Charles noted that the definition of the Ellendale deposit was at an advanced stage. Indeed, there has been a pilot plant working at the site for about a year.

Prospects for Ellendale appeared good, Sir Charles said, referring to the high quality and high ratio of gem quality diamonds obtained in bulk sampling. Reports from CRA have shown the ratio of gem- to industrial stones to be very high at 60 to 40.

The general tenor of Sir Charles's comments was consistent with the market optimism which has been felt about Ellendale and Argyle for some time, but the fresh news of the Argyle pilot plant was not striking enough to give more than a gentle push to share prices.

Ashton Mining, with a 24.2 per cent stake, were 6p higher at 170p. Northern Mining, with 5 per cent, were unchanged at 144p. CRA, with a 56.8 per cent holding, were 6p higher at 328p. But Tanks Consolidated, whose Tanaust unit holds 9.1 per cent, were 7p lower at 305p.

MINING YEAR BOOK 1980

Once again, the Financial Times Mining International Year Book makes its appearance. The 1980 edition of this valuable reference work on the mining industry lists details of over 700 international companies which operate in more than 80 countries. It is published by Longmans at Longman House, Burnt Mill, Harlow, Essex. Price £24 in the UK and £34 ($79) overseas by airmail.

Teutonic Bore gets official approvals

GOVERNMENT approvals have been received for the go-ahead of the Teutonic Bore copper-zinc-silver mine in Western Australia. As reported here in July last year the 60-40 partners, Selection Trust and MIM Holdings, are aiming for first production from the proposed A$38m (£18.2m) mine by mid-1981.

It will be a relatively small, but good grade, proposition. Production will run at about 300,000 tonnes of ore a year over some seven years with initial open-pit mining being followed by underground operations.

Ore reserves were last estimated at 2.5m tonnes grading a good average of 3.5 per cent copper, 9.5 per cent zinc and 150 grammes per tonne silver.

The contract for overburden stripping and open-pit mining has been awarded to Leighton Contractors and, based on present reserves of open-pit ore, has a term of approximately 5½ years.

Selection Trust's holding of 60 per cent in Teutonic Bore is now part of the assets of Seltrust Holdings, the Australian offshoot which is 79 per cent-owned by Selection Trust.

Hampton takes Paringa stake

HAMPTON GOLD MINING Areas of London is to buy a 14.9 per cent stake in Paringa Mining and Exploration, the Melbourne company which holds a 10 per cent interest in the developing Que River zinc-lead-copper-gold-silver deposit in Tasmania.

The price of £1.04m is being satisfied by the issue of 372,250 shares, worth a total of £1.19m at yesterday's closing price of 320p, to Aberfoyle which is selling part of its 25 per cent stake in Paringa.

Aberfoyle is a subsidiary of Cominco, the Canadian group. It holds 90 per cent of the Que River project, where development work started last year and from which first ore shipments are expected early in 1981.

Paringa's interest in this project is the main attraction for Hampton, Mr. Ian Roberts, the managing director, explained yesterday. Its spread of metals permits Hampton to diversify away from dependence on nickel royalties from Western Mining Corporation, and gives the company protection against the different cycles of the metal markets.

Paringa also has diamond exploration interests through a joint venture in the Northern Territory with Aberfoyle and Ashton Mining. The shares rose 13p to 78p yesterday, in advance of the disclosure of the Hampton stake.

Profits surge at Atlas

THE MAJOR copper producer in the Philippines, Atlas Consolidated Mining and Development realised a net profit of Pesos 307.7m (£18.4m) in 1979, up 480 per cent from the Pesos 52.8m earned in 1978.

Mr. Jose Soriano, chairman of Atlas, said that the improvement in earnings was due mainly to higher copper prices. He added that the increase was attained despite higher operating costs and lower copper production, reports our Manila correspondent.

Copper production in 1979 amounted to 276,144,000 pounds compared with 283,853,666 pounds produced in 1978.

Net sales revenue during the year amounted to Pesos 1,700m as against Pesos 1,090m. Earnings per share were Pesos 3.68 for 1979 against Pesos 0.63 in 1978.

A significant event in the company's operations in 1979 was the start-up of its Masbate gold mine in Central Philippines from where the first gold pour was made last January. Annual production from the Masbate mine is put at 90,000 ounces of gold and 88,000m ounces of silver.

IN BRIEF

GOLD FIELDS GROUP—Payment of dividends will be made in UK currency at the rate of South African Rand 1.980422 to £1. Gold Fields interim dividend is therefore 69 12342p (137 cents); New Witwatersrand Gold Exploration Company interim 7.445 14p (44 cents); Vogelstruisbult Metal Holdings final 5.24975p (11 cents).

Increased loss for Geo. Blair

The directors of George Blair and Co., private engineering and steelfounding concern, report a £598,000 turnround to a £377,000 loss for the six months ended September 29, 1979, on turnover of £5.24m, compared with £5.15m.

Mr. I. L. Blair, chairman, says there has been some improvement in the third quarter, albeit marginal, but the outlook for the final three months is much better, "providing there are no further disruptions the loss . . . should be considerably reduced," he states.

The group finished the 1978-79 year with losses of £15,000 compared with a record £968,000 profit previously.

The chairman says that a poor first half had been anticipated, but the engineering strike, a strike at a customers' works, and continuing adverse exchange rates "all combined to worsen the situation."

The interim dividend is halved to 2.2p (4.4p) net per 25p share, payable on February 25, and will cost £22,000 (£44,000). The chairman says holders should not expect the final payment to be the same as last year's 6.9p.

As at September 29, shareholders' funds totalled £2.3m (£2.7m at March 31, 1979) and net current assets were £728,000 (£1.13m.)

Westminster Property revaluation

A REVALUATION of the investment properties held by Westminster Property Group at September 30, 1979, has shown a surplus over book of some £1.65m which has been transferred to capital reserve.

Fixed assets and properties now stand at £7.67m (£4.44m) including leasehold properties £3.64m (£0.99m).

As reported on February 7, 1980, the group recovered from a £26,599 loss last year to a pre-tax surplus of £125,244 in the 12 months to September 30, 1979.

In the present economic conditions and in order to conserve cash, the directors have decided not to pay a dividend, but they anticipate a resumption of payments for the current year. The last distribution was for 1973-74.

Mr. A. P. Ravenhill, chairman, warns in his annual report that present high interest rates will keep current year profits lower than had been hoped. But he adds that the group's portfolio is sound and its organisation compact, providing a firm base from which to expand at the right time.

Meeting, Bishopsgate, EC, March 12, at 11.30.

MARCHWIEL LIMITED

Although the Group achieved a very substantial increase in turnover to a record level, I regret that the profit before tax has declined from £13.55 million to £12.43 million. Although an exceptionally low tax charge resulted in a substantial increase in earnings per share. The pre-tax figures are not strictly comparable as we have changed our rates of depreciation to comply with the new accounting rules. Without this, our profit for the year would have been some £2.4 million lower than last year at £11.13 million, i.e. slightly above the figure I estimated in my Interim Statement. There are a number of reasons for this disappointing result. At home a very poor and prolonged winter undoubtedly cost the Group a great deal of money and losses unfortunately continued on the large civil engineering contracts to which I referred last year. Overseas, outside Southern Africa and Portugal, our operations did not prosper.

On a number of public sector contracts there are significant sums of money outstanding which we have every expectation of recovering. Unfortunately, however, this type of contract is taking longer and longer to settle. The financial implications of delay are considerable since payments, when they are made, do not automatically include allowances for interest. Undoubtedly Government, which dealt us a severe blow by its cuts in capital spending, has a duty to ensure that contractors are properly and quickly reimbursed for their public sector work.

At the year end shareholders funds stood at £58.5 million compared with £46.4 million last year and general liquid resources and short term investments remained at a high level. We are continually investigating opportunities for investing a substantial part of these in new activities which will expand the Group. During the year we were frustrated at being unable to bring one or two promising opportunities to fruition. Nevertheless our activities outside heavy construction continue to make an increasingly significant contribution to profits. At the year end Mr. M. S. McVey, who had 40 years continuous service with the Group, retired from the Board. I am sure all shareholders will join me in thanking him for all he has done. I should also like to offer my sincere thanks to our staff and workforce who have once again performed outstandingly well in very difficult circumstances.

Sir Alfred McAlpine & Son (Northern) Limited

Very bad weather during the winter, which continued until the end of May, severely disrupted many contracts, but building work is currently proceeding at a satisfactory rate. General industrial building remains promising and the heavy civil engineering at the Dinorwic Power Station is going well. Despite the cut back in roadwork spending, we are at present actively engaged on seven motorway contracts and these will continue throughout the year. Whilst we are satisfied with the current work load, the availability of new work gives cause for concern, particularly in the roadwork and general civil engineering sections. Contractual recompense in respect of losses on completed contracts is being energetically pursued and substantial payments are eventually anticipated.

Sir Alfred McAlpine & Son (Southern) Limited

This company's turnover increased substantially, but profit margins declined due to severe losses in the civil engineering and housing sectors. The outstanding workload is reasonably satisfactory and evenly distributed between civil engineering and building, although public sector housing has declined. Detailed attention is being given to the settlement of our claims on the loss making public sector contracts.

International

Whilst there has been a small increase in the contracting turnover of Marchwiel Holding AG and its subsidiaries, the level is still insufficient to offset the very considerable expense involved in marketing a substantial overseas business. The Group's main activities continue to be centred on the Sudan where unfortunately significant losses are being incurred on one of the contracts. During the year good progress was made on newly awarded work on the Kenana project, and our involvement with this major scheme is now drawing to an end. In Dubai, the Satwa Apartment Block for His Highness Shaikh Rashid bin Saeed Al Maktoum, the Ruler, has been completed, but at present it is not proving possible to find further work at satisfactory margins. In general, the overseas payment position is now far better.

Future Prospects

Our domestic order book is not as strong as last year, but it is not unsatisfactory in the circumstances. The position in Portugal and South Africa is good. However, we are very short of forward orders elsewhere abroad. Frankly there are now too many contractors looking for the available work at home and overseas and thus difficulties lie ahead for those unable to adapt. Also a number of large contractors from countries outside the EEC seem prepared to work abroad at prices which would involve western engineering contractors in severe losses. In the short term our own progress will depend on how successfully we can expand our operations into activities which are not dependent on traditional heavy civil engineering and building construction. Also important of course, is the speed with which we can persuade our clients in the public sector to reimburse us on the completed but as yet unsettled contracts.

We are most fortunate in having the management, work force and financial strength to adapt and weather the current problems, and I have no doubt that we will be as well placed as any of our competitors to take advantage of the situation when the present worldwide recession eases.

A. J. McAlpine, Chairman.

GROUP PROFIT
for the year ended 31st October, 1979

	1979 £000's	1978 £000's
Turnover		
United Kingdom	209,557	162,451
Overseas	29,325	25,093
	238,882	187,544
Profit before tax		
United Kingdom (Note 1)	12,090	13,595
Overseas	336	(41)
	12,426	13,554
Taxation (Note 2)	1,638	7,024
Profit before extraordinary items	10,788	6,530
Deduct extraordinary items	2,116	2,759
minority interest	135	4
Profit attributable to shareholders	8,537	3,767
Dividends	2,389	1,792
Undistributed profit	6,148	1,975
Earnings per share after taxation	31.6p	19.3p
Dividends per share	6p	5p

1. The Group has changed its depreciation policy to comply with SSAP 12. As a result the depreciation charge for the year has been reduced by £1,296,000.

2. The taxation charge for the year has been affected by:
(i) Stock appreciation relief for 1973 and 1974 amounting to £3.3 million has now been released as a result of the 1979 Finance Act.
(ii) It is estimated that capital allowances for the year amounting to £1.8 million are not required and have therefore not been provided.
(iii) Profits in certain overseas subsidiaries suffered tax at a low overall rate due to losses brought forward from previous years.
(iv) No tax relief is available for losses incurred by certain other overseas subsidiaries.

3. A valuation of the Group's properties in the United Kingdom at 31st October, 1979 revealed a net surplus of £5.272 million. To comply with SSAP 6 individual deficits amounting to £516,000 have been charged to extraordinary items while surpluses totalling £5.79 million have been credited directly to reserves.

The Sir Alfred McAlpine Group

APPOINTMENTS

Clive de Paula to be Tecalemit chairman

Mr. F. Clive de Paula becomes chairman of TECALEMIT on April 1, succeeding Mr. Nigel J. Bennett, who is retiring. Mr. de Paula, who has been a director of Tecalemit since 1972 and deputy chairman since 1978, is the managing director of the Agricultural Mortgage Corporation. Mr. Bennett will remain on the board of Tecalemit as a non-executive director.

★

Mr. E. H. Burgess has been appointed a director of ANZ BANKING GROUP. He is a director of the Bank of Adelaide and its subsidiary, Finance Corporation of Australia, both of which ANZ acquired recently.

★

At the CANADA LIFE ASSURANCE COMPANY, Mr. John Cowan has been promoted to agency manager with responsibility for sales and marketing in the UK and the Republic of Ireland.

★

At SHEARSON LOEB RHOADES INTERNATIONAL, Mr. E. Alan Brumberger becomes president and chief executive officer; Mr. James R. Stow, managing director; Mr. Robert P. Gullett, executive director; Mr. Robert G. Barrett, executive director; and Mr. Bob Hankes-Drielsma, associate director.

★

Mr. Ray Simpson has been appointed a director of AUGHTON AUTOMATION, Kirkby. He remains as a director of Aughton Instruments and is now managing the company's operations in Peterlee.

★

Mr. T. B. Pye, deputy chairman and chief executive of STOREY BROTHERS (a Turner and Newall company), retires at the end of August. Mr. D. W. Bound will be appointed chief executive and Mr. R. Small, sole managing director of Storeys, with effect from March 1. Mr. Pye will remain deputy chairman until his retirement, when Mr. Bound will succeed him.

★

On March 1 Mr. J. S. O'Neill will be appointed marketing director, TRANSFER PRINT PRODUCTS, and on March 17 Mr. N. C. Holmes (previously divisional marketing manager, Arthur Sanderson and Sons) will be appointed marketing director, CONSUMER PRODUCTS—Turner and Newall companies.

★

The following have been elected to the executive committee of the ISSUING HOUSES ASSOCIATION for the current year: Mr. G. G. Williams (J. Henry Schroder Wagg and Co.), chairman; Mr. T. J. Manners (Lazards Brothers and Co.), deputy chairman; Mr. R. D. Broadley (Baring Brothers and Co.); Mr. B. H. Buckley (Singer and Friedlander); Mr. D. Backs (Hill Samuel and Co.); Mr. J. D. Crosland (Robert Fleming and Co.); Mr. J. N. Fuller-Shapcott (Minster Trust); Mr. J. M. F. Padovan (County Bank); Mr. C. H. Sporborg (Hambros Bank); and Mr. M. R. Valentine (S. G. Warburg and Co., and incorporating Seligman Brothers).

★

Mr. G. R. Capel-Cure has been appointed to the new position of deputy chairman of HOGG ROBINSON OVERSEAS, part of the Hogg Robinson Group. He was previously a director.

★

Dr. Peter J. Reed has joined ELECTROPLAN as commercial director.

★

ENGINEERING AND GENERAL EQUIPMENT has acquired the business of Oil Separators International, which has become a subsidiary of E. and G., whose chairman, Dr. H. Peter Jost, and managing director, Mr. J. G. Merrett, have been appointed directors of OSI.

★

At A. MONK AND COMPANY, civil engineering contractors, the positions of chairman and managing director are to be separated, to enable the chairman to concentrate on longer-term plans. Mr. M. H. Couchman is to be appointed managing director. Mr. R. A. Hollingsworth will be based at the Stamford office. Mr. E. J. Shields is to be appointed to the board with repsonsibility for the north-east area. The changes take effect from March 1.

★

Mr. V. A. Cheeseman, managing director of OSRAM-GEC, retires on April 5 after 11 years with the company and 42 years' service with GEC. His successor will be Mr. M. R. Johnson, who joins the company from Redring Electric, another company within the GEC group, where he is currently managing director.

★

BANK OF AMERICA NT AND SA, London branch, has appointed Mr. Michael Hall, formerly of Barclays Bank International to be vice president, head of export finance. He was for two years seconded to the UK Government's ECGD as an underwriter.

★

Dr. Tony O'Reilly, president of H. J. Heinz, has been elected chairman of INDEPENDENT NEWSPAPERS. The former chairman, Mr. Rodney Murphy, died on February 1.

★

Mr. P. H. Bentley has joined BRADSTOCK BLUNT AND CRAWLEY as a director.

★

The Lord Chancellor has appointed Sir Geoffrey Briggs to be the president of the PENSIONS APPEAL TRIBUNALS FOR ENGLAND AND WALES from March 1 in succession to Sir Alastair Forbes, who is vacating the presidency after serving for six years.

★

Mr. John Anthony Stubbs has been appointed regional director for two companies in the Midlands-based Clarke Group: CLARKE HOMES and CLARKE HOMES (MIDLANDS).

★

Mr. A. G. Horsnall and Mr. R. E. Jeffries will be joining NORTHCOTE AND COMPANY, stockbrokers, on February 25.

★

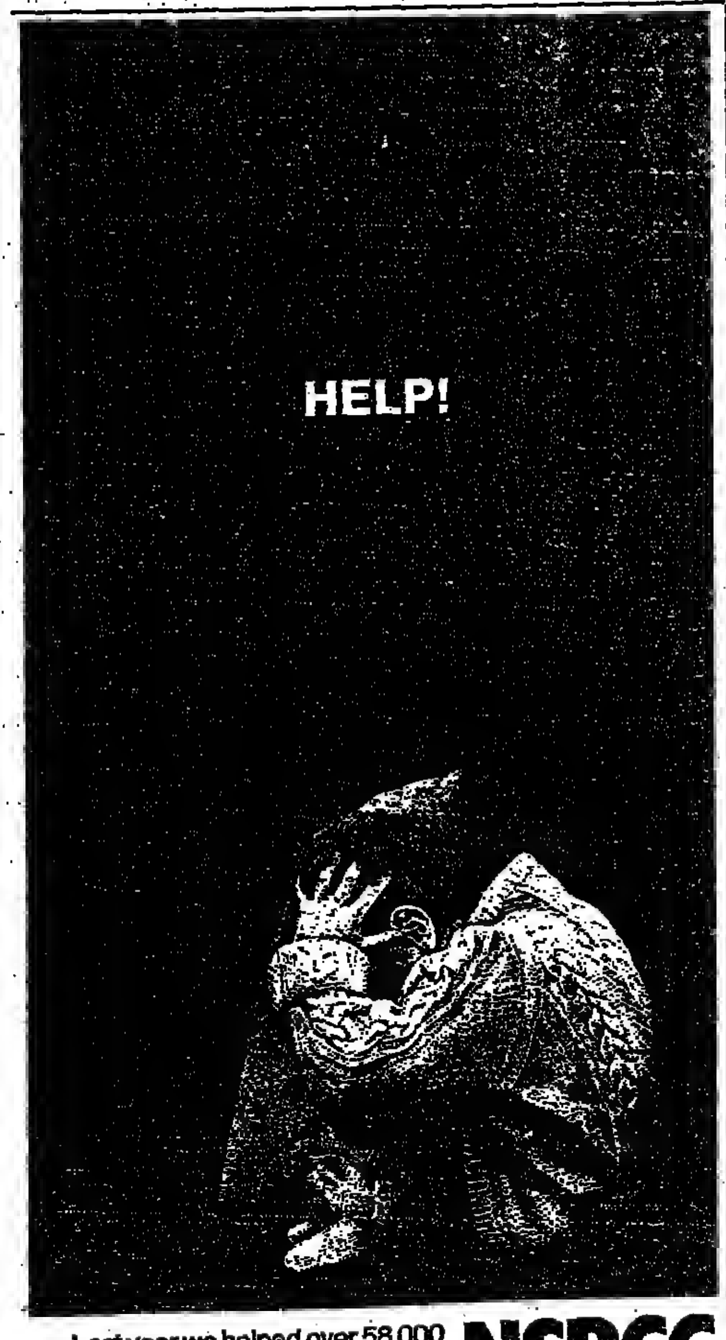
Miss K. H. Parkes has been appointed secretary of ABOYNE-CLYDE RUBBER ESTATES OF CEYLON, in succession to Mr. F. W. Knight, who died in December.

★

Mr. G. S. Stone has resigned from the chairmanship and Board of the ANTOFAGASTA (CHILI) AND BOLIVIA RAILWAY COMPANY, and its subsidiaries. Viscount Montgomery of Alamein has been appointed to the Board and to the chairmanship of the company.

★

Mr D. H. Taylor, managing director of Fenchurch Life and Pensions Consultants, has been appointed to the Board of Fenchurch Insurance Holdings.



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HARRIS BANK®

Consolidated Statement of Condition

ASSETS	December 31, 1979
Cash and Due from Banks	$1,334,661,403
Interest-Bearing Deposits at Banks	446,479,978
Investment Securities:	
U.S. Treasury Securities	489,103,404
State and Municipal Securities	325,652,293
Other Securities	120,060,836
Total Investment Securities	934,816,533
Trading Account Securities	253,930,712
Federal Funds Sold and Securities Purchased under Agreement to Resell	307,691,195
Loans, Net of Unearned Income	3,241,836,678
Allowance for Possible Loan Losses	(27,319,615)
Direct Lease Financing	81,818,377
Bank Premises and Equipment	87,766,452
Customers' Liability on Acceptances	265,324,902
Other Assets	126,925,618
Total Assets	$7,033,932,233
LIABILITIES	
Demand Deposits	$1,681,681,882
Savings Deposits and Certificates	833,088,573
Other Time Deposits	1,234,444,453
Deposits in Foreign Offices	1,180,183,138
Total Deposits	4,929,378,046
Federal Funds Purchased and Other Short-Term Borrowings	1,288,547,261
Acceptances Outstanding	265,324,902
Accrued Interest, Taxes and Other Expenses	103,499,990
Other Liabilities	130,847,941
Total Liabilities	6,695,598,140
STOCKHOLDER'S EQUITY	
Capital Stock ($16 Par Value) Authorized, and Outstanding 3,137,815 Shares	50,205,040
Surplus	155,439,760
Surplus Arising from Assumption of Convertible Capital Notes by Parent Company	2,540,100
Undivided Profits	130,149,193
Total Stockholder's Equity	338,334,093
Total Liabilities and Stockholder's Equity	$7,033,932,233

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As of December 31, 1979, standby letters of credit amounted to $241,454,012.

Harris Trust and Savings Bank
Wholly owned subsidiary of HARRIS BANKCORP, Inc.
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LONDON BRANCH:
48/54 Moorgate, London EC2R 6EU, England
James L. Roberts, Vice President and General Manager
Telephone 01-628-5261; Telex 884932

SINGAPORE BRANCH (Open April, 1980):
2505 OCBC Centre, Singapore 0104
J. Donald Higgins, General Manager
Telephone 915-722; Telex RS 21164 (Administration), RS 33895 (Foreign Exchange)

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INTERNATIONAL COMPANIES and FINANCE

EUROBONDS

Dollar issues fall on prime rate rise

BY FRANCIS GHILES

THE EURODOLLAR bond market was thrown into confusion again yesterday as the U.S. prime rate climbed by ½ a point to a record 15¾ per cent and Eurodollar interest rates on three and six-month deposits climbed by ⅜ to 15⅞ per cent.

Prices of straight dollar bonds declined by as much as three points at the longer end of the maturity spectrum, and by as little as one point at the short end. Amoog the worst hit were issues arranged during the last nine to 12 months where the underwriters are believed to have large blocks of paper unsold.

Although most bond houses argued that the price falls were essentially the result of professionals marking prices down, one major bond trader said be bad seen panic selling...

While some dealers said they bad not handled much business yesterday, others, among which are some of the best known U.S. names, said they bad not been so busy in weeks. Despite the confusion in the market, dealers said they saw no signs of the "spreads" qnoted on bond prices widening.

Floating rate notes posted falls of up to ⅜ of a point yesterday. Among the worse hit were those issues where the conpons have been recently readjusted.

Most dealers reckoned that the price falls recorded on straight dollar bonds yesterday were more grievous than those suffered in the wake of the Volcksr credit squeeze last October. Certainly if the falls recorded during the past four trading days are taken into account, the capital losses sustained by the market and its investors are worse than at any time during the past ten years.

Dealers said last night they were still vainly searching for a guideline to where interest rates are heading. Until they bad some idea of what tha answer was, it mattered little what the average yield available on straight dollar bonds was. Yesterday it would appear to have overshot the 14 per cent mark.

The hard currency sectors of the bond market suffered, if only because the dollar was strong. Deutsche-Mark foreign bonds posted losses of up to ½ of a point while the Swiss franc market saw a turn around in its fortunes yesterday Prices bad been rising steadily since early February but yesterday they fell back by about 1 point.

A SwFr 30m five-year convertible bond has meanwhile been completed for Nitto Electric Industries, which carries a coupon of 5¾ per cent through Swiss Bank Corporation. The next public issues in this sector are expected shortly for the World Bank and Oesterreichische Kontrollbank through UBS and SBC respectively.

The next French franc Eurobond is expected to be for the European Coal and Steel Community, through Credit Lyonnais, later this month. This will be the first French franc demoninated issue lead by Credit Lyonnais since this sector of the market reopened in September 1978.

Sidermex expands Sicartsa steel mill

By William Chislett in Mexico City

THE Mexican Government has formally announced that the second expansion stage of the Sicartsa steel mill at Lizaro Cardenas will start this year. Installed capacity of raw steel will be raised from 1.3m tonnes to 3.3m tonnes and 1.5m tonnes of finished plate will also be produced. Initial investment is estimated at 48bn pesos ($2.1bn).

However, whila the long-expected decision has finally been made, no official announcement has yet been made on what process will be used or which companies and countries will help in the construction.

Sidermex, the bolding company for the State steel sector, has to choose between the traditional blast furnace system, which is used at Sicartsa, and the direct reduction process.

Officials in the steel industry say that the direct method will most probably be chosen because natural gas, the raw material for this process, is already being laid into Lazaro Cardenas while Hylsa, the private Mexican steel mill, use the HYL method.

The reason for the delay is that Sidermex has not decided whether to use this method or the German Midrex process.

Privately, it is said that the Hyl method will be used, as it is on the doorstep, but no definitive agreement has been reached because Sidermex is working out the best terms with both sides.

The Planning Ministry has also called in the Sicartsa Stage Two plan for some revisions, which has caused annoyance in tha steel industry.

Unless a start is made soon, Stage Two will not be finished by the end of 1982, which is the ideal date for the Government. President Lopez Portillo's term of office ends then and it is his wish that the second stage be the crowning point of bis administration.

Sidermex said last year that there was an urgent need to triple steel capacity by 1990 in order to meet the sharply increasing demands of the fast expanding oil-rich economy and to reduce steel imports.

At the same time Sr Jorge Andres de Oteyza, the Industry Minister, has announced that this year Sicartsa will make its first profit in its three-year existence.

He estimated it at about 100m pesos ($4.4m). Sicartsa has been plagued with labour and technical problems, but is now approaching its capacity.

Sharp rise in second half by Bache group

BACHE GROUP, the securities trading bouse in which the Texas oil milloinaire, Mr. Nelson Bunker Hunt and his brother recently took a stake, bas outstripped the successes of its rivals in trading during the most recent quarter.

For its second fiscal quarter, ended January 31, Bache has pusbed earnings from $1.1m to $12m, or from 13 cents a share to $1.40. Revenue rose from $96.8m to $164.5m.

The first balf now sbows a net earnings total of $15.4m or $1.80 against $6.6m or 82 cents a share. Revenues of $291.1m compare with $207.4m.

Mr. Harry A. Jacobs Jr, chairman and chief executive, and Mr. H. Virgil Sherrill, president of the group, said that "Bache bas been predicting since October 1978 thet the investor was ready to come back to the market and that volume would be at record levels within the next few years."

Mr. Jacobs added that Bache's revenue from the projected surge in the equities market place should approximately double between now and 1985. "Despite this, bowever, our increases in other product areas will mean that the securities commission business will account for less than 40 per cent or our total revenue five years from now—revenue wblch could well approach $1bn."

AP-DJ

U.S. Steel sells cement division

BY STEWART FLEMING IN NEW YORK

THE LARGEST U.S. steel company, United States Steel, is to sell its Atlas Cement division to a West German group, Heidelberger Zement, for "substantially" more than $100m.

The move comes in the wake of U.S. Steel's announcement last month of a $561.7m loss in the final quarter of 1979 as a result of its decision to close parts of 13 induction units at the cost of 13,000 jobs.

The company's fourth quarter loss of $808.6m before tax was the largest quarterly loss ever recorded by a U.S. company. For the year as a whole U.S. Steel reported a net loss of $293m on sales of $12.9bn.

The sale of the cement division seems to reflect the company's continuing policy of shedding less profitable operations. Earlier it bad announced the closing of three plants in the cement division. These, however, are inclnded in the sale.

U.S. Steel is not disclosing any earnings figures for the division, which bas total sales from continuing operations of around $150m.

Some analysts are projecting that the division, which sold 3.7m tons of cement in 1978, could be worth more than $150m.

Strong upturn at Reed Paper

BY ROBERT GIBBENS IN MONTREAL

REED PAPER, Canadian subsidiary of Reed International, earned C$33m (U.S.$28.44m) or C$1.54 a share for the full year 1979 against C$4.6m or nine cents a year earlier on sales of C$196m against C$151m. These figures exclude extraordinary items in both years.

Fourth quarter profit was C$13.8m or 67 cents a share against C$6.3m or 43 cents a year earlier.

The company took advantage of strong markets during the year, and says its financial recovery is now completed. It is confident that future performance can sustain regular divideods. The company last autumn sold its troubled pulp mill at Dryden, Ontario, to the Canadian Pacific Group. Its other operations including tha Quebec City Newsprint Mill have been profitable.

Reed Paper also said it will pay a dividend of C$2.75 a share on its Class A and B preferred shares, which includes all arrears to and including April 1980. The dividend is payable on April 1.

CIL, the main Canadian arm of ICI, is considering investing in the energy field in Western Canada. Mr. William Mandry, president, indicated the new efforts would concentrate on the oil and gas service and supply field. "We have identified 13 or 14 areas in energy services," be said.

"When we find some we can be really comfortable with, then we'll move ahead," he said. Participation is likely to begin with "the chemical end involving supplies needed for tar sands extraction and advanced recovery methods used in conventional oil fields."

Mr. Mandry also indicated that CIL's move would be through acquisition. "We should see some developments in 1980," he said.

The company recently sold its interest in a Western Canada real estate development company.

This announcement appears as a matter of record only

January 1980

Consejo Estatal del Azúcar

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Security Pacific Bank | American Security Bank International Ltd. | Banque Internationale à Luxembourg S.A.

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Agent

CREDIT AGRICOLE

Mexican banks in competition for deposits

By Our Mexico City Correspondent

PRIVATE MEXICAN banks are entering into fierce competition to attract long-term deposits as a result of the unprecedented step by the Banco de Mexico which allows the banks to set their own rates for deposits of over two years.

Previously, the Central Bank set all rates. Last week it revised them upwards for deposits of a year and 18 months and allowed the banks themselves to set the two-year rates.

The old two-year rate, before the change, was 17 per cent net. Banca Serfin has now announced a rate of 21.25 per cent. Net Banamex, 21.5 per cent and Bancomer and Confida 23 per cent.

The banks can revise their two-year rates every week.

Many private companies are also experiencing severe credit problems and it is hoped that the increased long-term deposit rates will lead to greater saving by the public, and hence greater availability of credit at the banks.

In recent weeks, many companies, unable to obtain financing in Mexico, have been seeking loans abroad.

Signal group to acquire Ampex

BEVERLY HILLS—Signal Companies, the heavy-duty truck and aerospace components group, and Ampex Corporation jointly announced that they had agreed in principle for Signal to buy Ampex. The terms call for the exchange of 0.79 Signal common share for each Ampex common share. This values Ampex at around $495m.

Ampex, which makes audio-visual systems and computer-related products, has about 11m shares outstanding and an additional 1.7m shares reserved for issue on exercise of employee stock options and conversion of convertible debentures.

Signal said that the acquisition, which was subject to approval by the companies' Boards and shareholders and Government agencies, should be completed in mid-1980.

Reuter

BRAZILIAN DEVALUATION

Fiat investment hi

BY DIANA SMITH IN BRASILIA

THE DEVALUATION of tha Brazilian cruzeiro by 66 per cent in 1979, including a once off 30 per cent adjustment in December, is a financial blow to any foreign company in Brazil operating with sizeable long-term dollar debts. FMB (Funicao Metalurgica do Brasil), the foundry unit of Fiat's Teksid division, set up in Minas Gerais state, largely to cater to the parent company's $600m car assembly plant, is feeling the pain particularly strongly.

The foundry's $150m investment was financed by $120m of dollar borrowing. The capital of $30m was shared by Teksid (80 per cent) and the remainder by the Government of Minas Gerais state, which throughout the 1970s, assiduously wooed foreign enterprises to make active contribntions to the state's ambitious industrial growth.

Plans for the car assembly plant and foundry were designed in 1973—before tha first world oil crisis, when the young Brazilian car industry was heading for a boom.

The Fiat car plant was designed for annual capacity of 200,000 vehicles, and the FMB for 70,000 tonnes a year of nodular and grey iron castings. But successive oil crises and their effects on the Brazilian economy and vehicla market meant that the car plant hed an output of just over 110,000 vehicles in 1979, while the foundry ran at 50 per cent of capacity, 35,000 tonnes of castings. FMB's 1979 gross sales of Cr 1.2bn ($27m) compared favourably with 1978 sales of Cr 720m, but it had nothing to cheer about. It bore losses of Cr 153m in 1977, Cr 431m in 1978, and about Cr 700m in 1979. Hammered by devalnations and their effect on loan servicing, and many technical problems, Teksid took urgent action late last year and sent in a new FMB chief executive and troubleshooter, Sig. Franco Benoffi.

Since he took over FMB, Sig. Benoffi has set up structures for quality control, an activity almost unknown in Brazil, cost control and data compilation (equal mysteries to Brazilian management), and revised sales procedures, so as to aim at solid long-term contracts and not, in his own words, "salesmen knocking on innumerable doors to sell one or two castings." His task may be uphill. As Sig. Benoffi puts it: "In Brasil, you do not necessarily plan ahead—you invent a new life each day, because each day, the Government invents new measures, currency regulations, price structures or systems."

Fiat's car plant and foundry in Brazil, already operating at half capacity, have been severely hit by the devaluation of the cruzeiro. The company has sent a new chief executive to the foundry in an attempt to make the venture commercially viable

A cost control task force has been set up, helped by computers, to break down every item affecting costs: an obvious measure for a West European, but something of a revolution in Brazil. "How can you know where you are heading," Sig. Benoffi said, "if you have no idea what your costs are?".

A team of senior Italian technicians—"people with technical know-how and mental flexibility," Sig. Benoffi says—has been brought into introduce quality control, with the blessing of the Brazilian Ministry of Labour and the Minas Gerais Government. Labour, indsed, bas been a major FMB problem. The overwhelming majority of employees are young, about 18, balf-schooled, and prone to take training at considerable expense to FMB and then drift off to Sao Paulo or Rio—or, once trained up to a skill, likely to be relnctant to touch a machine. Labour cos for 40 per cent of and with performance haphazard. Sig. Be hedged his bets ever improve daily running

He is negotiating Minas Gerais Govern permission to impo floor workers from middle-aged, skilled skilled hands who ha early. These men, S feels, will ensure continuity and far g ordination. "The G knows," Sig. Benoffi s it is in Brazil's interes something like th foundry running smoo

For 1980, when Si expects Fiat's car plan a reasonable shar dwindling market, a s of Cr 3bn has been will cover overhea absorb the cost of so debt servicing, all b But inventiveness is s for. The Brazilian G has set a ceiling of 4 on this year's devalu debt servicing will dramatic than in 1979 ceiling adversely affe export plans.

Before Sr. Delfim N Planning Minister, se devalnation ceiling cruzeiro, Sig. Benoffi that this year's curren ment would equal last

He set an ambitio target for FMB of $21m sales to clients lik U.S. or, through Teksi to Europe, where p better.

Now be is revising ing: "If my cruzeiro going to rise with inflat who knows if it will ke 50 per cent target se Government?—my exp ba unprofitable," Sig. said. Foreign executi Sig. Benoffi are not losi but baving formerl frankly optimistic, they speak out about of setting up and run shop in Brazil.

FT INTERNATIONAL BOND SERVIC

The list shows the 200 latest international bond issues for which an adequate secondar exists. For further details of these or other bonds see the complete list of Eurobond prices on the second Monday of each month.

Closing prices on Feb

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Alcoa of Australia 10 89	60	79⅞	80⅜	−0⅛	−3	13.90
Alex Howden XW 8½ 91	30	†73	75	+0⅛	0	14.24
Aquitaine Can. 11¼ 86	30	†89⅞	90⅜	−1⅛	−2⅛	14.24
Australian Res. 9¾ 84	30	85⅜	85⅞	−1⅛	−2⅛	14.23
Avco O/S Cap. 10¼ 87	40	75	76½	−1	−6⅜	16.13
Beneficial Fin. 9¾ 87	100	80	80½	−1½	−2¼	14.19
CECA Grad. Rate 12 86	100	91⅛	91⅝	−0⅛	−1⅛	13.95
CECA 11⅛ 90	50	87½	88	−0⅛	−3⅛	13.97
Canadian Pacific 9¼ 89	50	78	78½	−2⅛	−2⅜	14.08
Carter Hawley 9¾ 88	50	79⅞	80⅜	−1⅛	−2⅛	14.73
Comalco Inv. E. 10¼ 91	40	79½	80	−1⅛	−2¼	13.85
Continental Grp. 9⅞ 89	100	81½	82	−0⅞	−0⅜	14.12
Dome Petroleum 10 94	60	71⅛	72⅜	−3	−6	14.71
Dominion Bridge 10⅛ 84	30	86	86⅞	−0⅛	−0⅜	14.72
Ela 11⅛ 92	80	84⅜	84⅞	−1⅛	−4	14.58
EIB 10⅛ 87	100	86⅜	86⅞	0	0	13.54
EIB 10.15 89	100	77½	78	0	−0⅜	13.85
Ekportfin 11⅛ 87	50	87⅜	88⅛	−2⅛	−3⅛	14.09
Export Dv. Cpn. 9⅝ 84	100	86⅞	87⅜	+0⅛	−2⅛	13.60
Export Dv. Cpn. 8¾ 84	150	87⅜	87⅜	0	−2⅛	13.61
Finland 8⅝ 89	100	81½	82	0	−1	13.48
GTE Finance 9¼ 89	55	77½	78	−2	−2⅛	14.15
GMAC 9¼ 86	100	79⅜	80⅛	−1⅛	−2¼	14.22
GMAC O/S Fin. 11 84	100	90⅜	90⅜	−1⅞	−3⅛	13.84
Gould Int. Fin. 9⅜ 85	50	83⅜	84⅛	−1⅛	−1⅛	14.47
ITT Antilles 9½ 89	75	77⅛	77⅜	+0⅛	−1⅛	13.97
Kennecott Int. 9½ 86	100	†78⅛	78⅜	−1⅛	−1⅛	15.01
Manitoba 9½ 89	75	78	78½	−0⅛	−1⅛	13.85
Michelin 10 94	125	78⅛	78⅜	−2⅛	−3½	13.83
Nat. Des. Telecm. 9½ 80	100	82⅞	83⅜	−1⅛	−1⅛	13.69
New Brunswick 9¾ 84	75	73⅛	73⅜	−1⅞	−2	14.23
Newfoundland 10 84	50	73⅜	74	−0⅛	−2⅛	14.45
Norges Komm. 9⅞ 89	100	†75½	77	−1	−1	13.76
Norway 9½ 84	150	86⅜	86⅞	−1⅛	−2⅛	13.88
Nova Scotia Pwr. 9¾ 86	50	78½	78	+0⅛	−1	13.96
Occidental Fin. 10¼ 84	80	†85½	86	−2	−2⅛	14.94
Orient Leasing 9½ 86	25	81⅛	82	−2½	−3	13.98
Pennwalt O/S F. 9¾ 84	25	83⅜	83⅞	−1⅛	−2⅛	15.18
Pepsico Cap. 8¾ 84	100	86	86⅜	−1⅛	−1⅛	13.93
Quebec Hydro 10 89	75	71⅛	71⅝	−0⅛	−2⅛	14.42
Sears Roebuck 8 82	150	91⅛	92⅛	−0⅛	−0⅞	13.95
Statoil 9⅝ 89	100	77⅛	77⅞	−2⅛	−2⅛	14.01
Sweden 9¾ 89	100	78	78⅛	−2⅛	−2⅛	14.09
Sweden 9½ 86	200	84¾	85¼	−0⅛	−2⅛	13.48
Sweden 8¾ 84	100	86	86½	−1⅛	−3½	14.03
Unilever NV 8⅝ 87	100	78⅞	79⅜	−0½	−1⅛	13.91
Warner-Lambert 8 84	100	84¾	85¼	−0⅛	−1½	13.75

Average price changes... On day −1 on week −2⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev. Bk. 8 87	100	96½	97⅛	−0⅛	−0⅞	8.56
Asian Dev. Bk. 7¼ 89	100	90	90⅜	−0⅛	−0⅜	8.78
Barclays O'seas 8¼ 89	100	†88	89	−0⅛	−1⅛	8.80
BFCE 7¾ 87	100	†95	96½	+0⅛	0	8.09
BFCE 8¾ 95	100	95⅜	95⅞	−0⅛	−0⅛	8.85
Brazil 8 87	150	93⅜	94½	−0⅛	+0⅞	8.10
CECA 7 91	150	90⅜	91⅛	+0⅛	−0⅜	8.30
Council of Eur. 7¾ 89	100	91⅛	91⅝	−0⅛	−1	8.62
Denmark 7⅞ 89	100	96	96½	−0⅛	−0⅛	8.71
Denmark 8¾ 92	100	95⅞	96⅜	+0⅛	+0⅛	8.47
EEC 7⅞ 84	225	94⅞	94⅞	0	−0⅛	8.52
EIB 7½ 89	200	94⅞	95⅞	+0⅛	−1	8.32
Finland Rep. of 6 86	150	97½	98	−0⅛	−1	8.44
Kobe, City of 7¼ 89	150	90⅜	91⅛	0	−1	8.50
Neder. Gasunie 8 86	100	†99½	100	−1	−2⅛	8.04
New Zealand 7⅛ 87	200	91⅛	92	−0⅛	−1⅞	8.67
Nippon Tel. & T. 5½ 87	100	†83⅜	84⅜	+0⅛	−1⅛	8.71
Norges Komm. 7¼ 91	150	†93½	94½	−1⅛	−1⅞	8.59
Norway 6¾ 84	200	†92	93	+0⅛	−0⅛	8.48
Norway 7½ 85	250	97⅜	98⅛	+0⅛	−0⅛	8.03
OKB 6 87	40	†88	89	+1	0	8.24
OKB 7¼ 89	100	92½	93⅛	−0½	−2⅜	8.48
World Bank 7¾ 91	400	93¾	94½	0	−0⅜	8.57
World Bank 7⅞ 80	250	94½	95	0	−0⅜	8.68

Average price changes... On day −0⅛ on week −0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Argentina 5½ 89	80	95	95½	−0⅛	−2	6.15
Aumar 5 89	50	†93½	94	−1⅛	−0⅛	5.88
Australia 3¾ 89	250	89½	90¼	−0⅛	−0½	5.03
Bergen, City of 4¾ 91	40	92⅛	92⅞	−0⅛	−1⅛	5.68
BNDE 5 89	75	85	85½	−0½	+2⅛	7.20
BMW Overseas 4¾ 91	100	†91	91⅛	−2½	−1⅛	5.27
Caisse Nat. Tele. 4½ 88	100	91⅛	92⅛	−0⅛	+0⅛	5.47
Canada 3¾ 89	300	88	89⅛	−1⅛	−1⅛	5.15
Copenhagen 4½ 91	60	88½	89	−0⅛	−1⅛	5.88
Council of Eur. 5 89	100	92¾	93⅛	−0½	−0⅛	5.96
EIB 4½ 91	100	90	90½	−0⅛	+1⅞	5.69
EIB 4⅝ 94	100	86	86½	+0⅛	+0⅛	5.60
Elet. de France 4⅛ 89	100	93	93½	−0⅛	+2⅛	5.30
GZB 4⅛ 89	100	†87½	88	−2	−1⅞	5.96
Hilti 4½ 91	35	93¾	94½	−0⅞	−3⅛	4.95
Int.-Amer. Dev. 4½ 88	100	90	90½	−0⅛	0	5.87
Jutland Tele. 5½ 90	50	100⅛	100½	0	+0⅛	5.45
Malaysia 5 89	80	89⅛	89⅝	+0⅛	+0⅛	5.49
Nippon Tel. & T. 4⅛ 86	100	92⅜	93⅛	−1⅛	−1⅛	5.19
Nordic Bank 5 86	45	94⅜	96½	−1⅛	+0⅞	5.68
Norges Komm. 4⅞ 91	100	88½	89	−0⅛	−0⅛	5.72
OKB 3¾ 91	100	83⅜	83⅞	−0⅛	−0⅜	5.77
OKB 4⅛ 91	100	88⅜	88½	−0⅛	−0⅛	5.77
Oslo, City of 4¼ 91	100	86½	87	−0⅞	−1⅞	5.96
Shikoku El. Pwr. 4⅝ 89	100	94⅜	94⅜	−0⅛	+0⅛	5.50
Spain 4 91	100	86	86½	+0⅛	−0⅛	6.71
Steweag 4⅛ 91	60	†90⅜	91	−2⅛	−2⅛	5.87
Voest-Alpine 4¾ 89	90	†91½	92	−1½	−2⅛	5.83
World Bank 4⅛ 89	100	96⅜	97⅛	−1⅛	−1⅞	5.03
World Bank 4⅞ 89	150	90½	91	−0½	−1½	5.65
World Bank 4⅛ 91	100	90½	91	−0⅛	−1	5.73

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 5.8 83	30	87⅜	88⅛	−0⅛	−1⅛	9.79
Australia 6½ 86	20	83⅜	84⅜	+0⅛	−1⅛	9.42
EIB 7¼ 88	12	91⅞	92⅞	−3⅛	−4⅛	8.56
Finland 5.6 83	10	86⅜	87⅜	−0⅛	−1⅛	9.88
Finland 6.2 88	10	83¾	84⅜	−1⅛	−2	0.89

Average price changes... On day −0⅛ on week −1⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day
Avco Fin. 10⅛ 86 C$	25	81	81½	−0⅛
Bell Canada 10⅛ 86 C$	80	87⅛	87⅜	−0½
Cr. Foncier 10⅛ 84 C$	30	86⅞	87⅜	−0⅞
Ex. Dev. Cpn. 10 84 C$	50	88⅜	88⅞	−0⅛
Fst. Can. Inv. 10 84 C$	50	87⅜	88⅛	−0⅛
Hudson Bay 10½ 86 C$	60	83⅞	84⅜	−1⅛
Quebec 10⅛ 86 C$	90	83⅜	84⅜	+0⅛
R. Bk. Canada 10 86 C$	40	86½	87	−1½
R. Bk. Canada 10 94 C$	40	76⅛	76⅝	−1⅛
Copenhagen 8¾ 91 EUA	20	97	98	0
M. Bk. Dnmk. 8 91 EUA	25	94½	95½	0
SOFTE 8⅛ 89 EUA	40	86⅞	87⅜	0
Algemene Bk. 8¼ 84 Fl	75	95⅜	96⅞	−0⅛
Ned. Gasunie 8¾ 84 Fl	50	96	96½	−0⅛
Ned. Middbk. 8¾ 84 Fl	75	94⅜	94⅞	−0⅛
Norway 8⅛ 84 Fl	100	93⅜	94⅛	−0⅛
Norway 8¾ 84 Fl	100	93⅞	94⅛	−0⅛
Philips Lamps 8¾ 84 Fl	75	95⅛	95⅜	−0½
Air France 11 84 FFr	120	96	96⅜	−0⅞
Euratom 9¾ 87 FFr	100	85⅛	86⅛	0
Finland 11 84 FFr	80	95⅜	96⅜	+0⅛
Finland 11½ 89 FFr	70	94⅛	95⅜	+0⅛
Gaz de France 11 84 FFr	150	95½	96⅛	0
IBM France 11⅞ 84 FFr	120	96½	97½	+0⅛
Renault 9¾ 86 FFr	100	87	88	+0⅛
Saint-Gobein 9¾ 86 FFr	130	85⅛	86⅛	+0⅛
Solvay et Cie 9¾ 87 FFr	125	82⅜	83⅜	0
Total Oil 9⅜ 87 FFr	150	83	84	+0⅛
Citicorp O/S 13½ 90 £	60	93⅞	94½	−0⅛
EIB 11½ 91 £	25	82⅜	83⅜	−0⅛
Finance for Ind. 13 91 £	15	93⅜	94⅜	−0⅛
Fin. for Ind. 12⅛ 89 £	30	87⅜	88½	−0⅛
Gen. Elec. Co. 12⅛ 89 £	50	90½	91⅛	−0½
Indonesia 8⅜ 81 KD	7	†93	93½	0
Mitsubishi 7½ 84 KD	10	†95⅛	95⅞	0
Norges Kom. 7½ 86 KD	12	†93⅜	93⅞	0
Occidental 8¾ 81 KD	7	†90⅛	90⅜	0
Akzo 9¾ 87 LuxFr	500	94½	95½	0
Euratom 8 87 LuxFr	500	88⅞	89⅞	−0⅛
Euratom 9⅛ 86 LuxFr	500	99⅜	100⅛	+0⅛
EIB 9¾ 89 LuxFr	600	99⅜	100⅛	0
Volvo 9¾ 87 LuxFr	500	98⅜	99⅜	+0⅛

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅛	2/7	15
Banco di Roma Int. 8 87	0¼	98⅛	99⅜	26/4	15
Bank of Ireland 5¾ 89	†0⅛	97⅛	97⅞	21/2	15
Bank of Tokyo 5⅛ 89	†0⅛	97⅛	97⅞	25/4	14
Barclays O/S Inv. 5 90	0⅛	97	97½	13/6	14
Bergen Bk. A/S 6 89	†0⅛	97	97½	29/2	14
Bqoo. Indo Suez 5¼ 89	0¼	98	98½	11/7	14
Citicorp O/S F. 6 94	†0⅛	98½	99⅛	8/3	14
Citicorp O/S F. 83	§†0	99⅜	99⅝	23/2	15
Citicorp O/S F. 84	†0	99⅜	99⅝	29/2	14
Co-operative Bk. 6 86	0⅛	97⅜	98⅛	15/5	15
Creditanstalt 5½ 91	§†0⅛	97⅜	98⅛	14/3	14
CNT 5⅞ 86	§0⅛	99⅛	99⅜	16/4	15
GZB 5½ 86	†0⅛	98	98⅛	1/5	14
Jugobanka 8 89	0⅞	92⅛	93⅛	23/5	16
Ind. Bank Japan 5⅛ 87	0¼	97⅛	97⅜	15/4	14
LTCB Japan 5⅛ 88	0¼	97⅛	97⅜	13/6	14
LTCB Japan 5½ 89	0¼	97	97½	7/8	14
Mfrs. Han. O/S 5⅛ 94	†0⅛	98⅛	98⅞	29/2	13
Midland Intl. Fin. 6 89	0¼	98½	89	20/6	15
Nacional Fin. 8⅛ 86	0¼	97⅜	97⅞	25/7	14
Nat. West. 5⅞ 94	§0⅛	97⅛	98	11/4	14
Nippon Credit 6½ 86	0¼	97⅛	97⅝	12/7	14
Nippon Credit 5⅛ 87	†0⅛	97⅞	98⅜	6/5	14
Royal Bk. Scot. 0⅛ 94	§†0⅛	98	98½	11/4	14
Soc. C. de Bqus. 8⅛ 87	0¼	96⅜	96⅜	3/4	13
Sogenal 5⅝ 89	§0⅛	96⅜	96⅞	13/7	14
Sweden 8⅛ 91	†0⅛	87	97⅛	18/4	14
TVO Pwr. 8 91 (D-lock)	0⅛	†97⅛	97⅜	24/5	15
Williams & Glyn 5⅞ 91	0⅛	97⅛	97⅜	14/3	13
Bq. E. d'Alg. 4⅞ 89 SF	0⅛	94	95½	18/6	6.6

Average price changes... On day −0⅛ on week

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day
AGA Akt'bolag 7¾ 89	10/79	145	116½	117½	0
Ajinomoto 7½ 96	2/80	618	95⅜	96⅜	−0⅛
Alco Int. Fin. 8½ 94	1/80	40	95⅛	96⅛	−0⅛
Asahi Optical 7 94	11/79	605	86⅜	87⅜	−3⅛
Canon 6⅛ 94	8/79	570	102⅞	103⅞	−1⅞
Ciba-Geigy O/S F. 4 94	9/79	675	85⅛	87⅛	−0⅛
Credit Suisse 4⅛ 93	10/79	1325	108	110½	−0⅛
Daiei Inc. 6½ 94	11/79	1020	92⅛	93⅛	−1⅞
Enserch Fin. 9½ 84	7/80	30.25	112⅜	113⅜	−3⅛
LPC Internatnl. 6 88	9/79	36	115½	116⅛	−0⅛
Meidensha Elec. 7 84	12/79	210	89⅞	90⅞	−3⅛
Mitsubishi Cp. 6½ 84	10/79	504	115⅜	117⅛	−0⅛
Nippon Seiko 7⅛ 94	12/79	339	†101½	102⅛	−0½
Nitto Elec. Ind. 6 94	7/79	735	73⅛	74⅛	−1⅛
Toshiba Cpn. 7⅛ 84	10/79	198	97	98	−0⅛
Union Bk. Switz. 5 89	2/80	125	104⅛	106⅛	−0⅛
Fujitsu 5 84 DM	7/79	476	99½	100⅛	0
Kansai Elec. 4 84 DM	4/78	1234	†84½	85½	+1⅛
Tokyu Ld. Cp. 4 86 DM	4/79	493	†76⅛	77⅛	−0⅛
Uny Co. 5½ 85 DM	11/79	1071	92⅛	93⅛	+0⅛

* No information available—previous day's pric
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption mid-price; the amount issued is in millions of cu units except for Yen bonds where it is in bi Change on week=Change over price a week ead

Floating Rate Notes: Denominated in dollars unless wise indicated. Coupon shown is minimum. C.dte next coupon becomes effective. Spread=Margin six-month offered rate († three-month; § above rate) for U.S. dollars. C.cpn=The current co C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless wise indicated. Chg. day=Change on day. Cnv. First date for conversion into shares. Cnv. p Nominal amount of bond per share expresse currency of share at conversion rate fixed at Prem=Percentage premium of the current effective of acquiring shares via the bond over the most price of the shares.

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Rising silver costs force change in Agfa finances

BY KEVIN DONE IN FRANKFURT

MOUNTING FINANCIAL pressures caused chiefly by the rapid rises in silver prices in recent months have forced a financial re-structuring of Agfa-Gevaert, the Belgian-German photographic group.

Bayer, the major West German chemicals group, which previously ewne d50 per cent of Agfa-Gevaert, is bearing the burden of a capital raising exercise which will increase the capital resources of the photographic business, the largest in Europe, by DM 200m ($114.94m).

As a result of this move, Bayer is taking a further 10 per cent of the group, increasing its stand to 60 per cent, leaving 40 per cent in the hands of the Belgian company, Gevaert Photo-Producten.

The Belgian partner yesterday approved the financing deal but it is stil lto be given the formal go-ahead of the Bayer supervisory board and tha West German Cartel Office.

In the past, Agfa has been run as a bi-national group, with responsibility split between the Belgian and German companies. Bayer said yesterday that despite the change in the ownership interests, this structure would be continued.

The photographic group, which ranks second in the world after Kodak of the U.S., has been hit hard by the risiog price of silver, although its financial performance has been disappointing for a number of years.

Since the group was created in 1964, sales have risen from DM 1.3bn to almost DM 3.5bn in 1978, and the workforce has increased from 29,600 to 32,300. But the profits performance has never equalled the increase in sales as Agfa fought for market share.

Group profits in 1978 fell to DM 20m compared with DM 52m achieved in the previous year. Tha figures for 1979 are certain to make grim reading when they are released in April.

Agfa's export sales have been particularly hard hit by the strength of the Deutsche-Mark and the high labour costs in the Federal Republic.

Last year was always expected to be s difficult one, but the Agfa group's calculations were thrown into confusion by the mounting speculation on the world silver markets. The company is reckoned to be Europe's largest single user of silver.

Each year it uses about 700 tonnes of silver, which in 1978 cost some DM 250m. This year, if present silver pricea hold, purchases of the metal are likely to cost as much as DM 1.5bn, costs which were clearly beyond the current financial resources of the group. As a result, the larger parent company, Bayer, has bad to step in with DM 200m of financial aid.

Earnings per share slip at Amro after slow second half

BY CHARLES BATCHELOR IN AMSTERDAM

AMSTERDAM - ROTTERDAM Bank (AMRO), the first Dutch bank to report its 1979 results, yesterday announced a slow down in the rate of growth of both profits and business volume.

Net profit rose by 8 per cent last year to Fl 273.5m ($142m) compared with the 19.2 per cent rate of growth in 1978.

AMRO proposes paying an unchanged total dividend of Fl 5 per Fl 20 nominal share. The final dividend will be held at Fl 2.60 either in cash or as Fl 1.35 in cash and Fl 0.50 nominal in shares from the share premium reserve.

The average number of shares ontstanding in the year was 14.8 per cent higher than in 1978. This led to a fall of 3.7 per cent in net profit per share to Fl 10.53 from Fl 10.93 he year before.

Revenue increased by 11.1 per cent to Fl 2.23bn compared with a 13.1 per cent rise the year before.

AMRO transferred Fl 190m to its provision for general risks compared with Fl 155m in 1978.

The slow down in growth came in the second half of the year, AMRO said. While profits rose 15.3 per cent in the first six months compared with the same period of 1978, in the second half growth fell back to only 3 per cent.

Swedish share tax study

STOCKHOLM—The Swedish Government bas instructed ita capital gains committee to examine the possibility of introduciog a system to ease double taxation on earnings from shares, the budget ministry said.

Present taxation laws must be changed if companies are to have better opportunities to attract risk capital and if the cooditions for share investment are to be made more equal to those for other placement vehicles, it added.

Reuter

The Peninsular and Oriental Steam Navigation Company

has sold its subsidiary

P&O Oil Corporation

to

Southland Royalty Company

We acted as advisor to
The Peninsular and Oriental Steam Navigation Company

Schroders

Schroder Oil Financing & Investment Company, Inc.
1100 Milam Building, Houston, Texas 77002

Volksbank non-vote share plan

BY JOHN WICKS IN ZURICH

AN ALTERATION in the statutes of Swiss Volksbank, Switzerland's fourth largest bank, with a view to broadening its capital base, foresees the creation of participation certificates.

Non-voting shares of thia kind already form part of the equity of Union Bank of Switzerland and Swiss Bank Corporation. Swiss Volksbank is a co-operative and has a share capital of slightly over SwFr 325m.

The Berne-based bank is "keeping all possibilities open" with regard to the use of the certificates, according to its general manager, Dr. Hans Frey. He indicated that one use might be their exchange against warrants or convertible bonds.

The participation certificates would be available to foreigners. Although only Swiss citizens or foreigners domiciled in Switzerland have hitherto been able to become shareholders with voting rights, Dr. Frey said that a substantial proportion of the outstanding 700,000 shares were in foreign hands. There are therefore already a large number of non-voting foreign shareholders.

After what the bank considers to have been a good year, an unchanged 14 per cent dividend is recommended for payment on capital of SwFr 275.05m and a half-dividend on SwFr 50m worth of shares issued last July.

Net profits rose by 15.5 per cent to SwFr 60.5m ($37.1m) in 1979 and the balance-sheet total showed an increase of some 17.6 per cent to SwFr 15.2bn ($9.3bn).

Income from foreign exchange and precious metal trading jumped by 22.9 per cent to SwFr 41.3m. Rudolf Bosshard, deputy general manager, said the current complaint of the American Commodity Futures Trading Commission (CFTC) with regard to silver futures contracts involving Swiss Volksbank would in no way lead to a financial risk for the bank.

Volksbank has initiated contacts with the CFTC "in the hope of reaching an understanding" in this matter.

Good prospects for Landis

BY OUR ZURICH CORRESPONDENT

THE SWISS electrical engineering company Landis and Gyr of Zug expects results for the current financial year to be as good as those for 1978-79. Dr. Adolf Schmidli, group manager, said in Zurich that there had been a rise in orders in the first four months with a generally favourable demand for the group's products.

The company recently announced a 22.5 per cent rise in total earnings to SwFr 58.7m ($36.34m) for the year ended September 30 after turnover bad gone up 4.6 per cent to just over SwFr 1.03bn ($638.4m).

For 1979-80 Landis and Gyr expects a slight rise in turnover in the field of electricity meters and a further improvement in orders and sales for remote-control and ripple-control units.

Together, these products accounted for 48 per cent of group turnover last year. Prospects are seen as good for the so-called "comfort control" (air-conditioning and beating control equipment) field, with a 31 per cent share of group sales.

In the industrial equipment sector, which accounts for a further 16 per cent of turnover, sales and profits are expected to fall for telephone equipment, while prospects for industrial components are seen as satisfactory.

Business of most non-Swiss subsidiaries—only some 45 per cent of group output takes place in Switzerland—is expected to be good this year. Among these companies is the London-based Landis and Gyr Ltd. with an assembly plant in Dundee, and bere profits are likely to show a marked improvement after a drop in 1978-1979.

In Switzerland, the parent company is extending co-operation with Sprecher and Schuh AG, an electrical engineer in which Landis and Gyr took up a 10 per cent sbareholding in 1979. Production and marketing are being co-ordinated in remole-control technology, where the Zug company is taking over researcb and development commitments. Co-ordination of export markets is planned in industrial components.

This year, a SwFr 80m investment programme is foreseen, compared with SwFr 61m in 1978-79. This capital expenditure, which is expected to be covered by cash-flow financing, will particularly concern projects in Switzerland but will also include rationalisation investments in the United States.

Operating profits record by Bergesen

By Fay Gjester in Oslo

SIG. BERGESEN, the Norwegian shipping company which lost the oil/ore carrier Berge Vanga in a mystery explosion last October, says 1979 operating profits set a new record, at NKr 385m ($79m) (before interest and depreciation). This compared with NKr 380m, a year earlier.

Profitability in the second half of 1979 was, however, bit by the steep rise in fnel prices, the loss of the Berge Vanga and the fact that a relatively large number of the company's ships bad to be docked for repairs or overhauls.

Earnings in 1979 were NKr 100m. Ordinary depreciation amounted to NKr 183m and profit before taxes and allocations to NKr 180m. Three of the company's older ships were sold during the year, with a book pro6t of NKr 19m, which is being written off against the rest of the Bergesen fleet, including ships on order.

At end-1979, the Bergesen fleet comprised 13 large tankers, totalling 3.5 dwt, eight oil/ore carriers totalling 1.2m dwt, three gas tankers of 75,000 cubic metres each, and two newsprint carriers, and a 14,700 dwt transfer ship

In addition, tbe company has ordered 11 sbips of various types, totalling 1.8m tonnes.

Swiss foreign loan record

BY OUR ZURICH CORRESPONDENT

FOREIGN BORROWINGS of Swiss francs reached a record level of SwFr 27.7bn ($17.15bn) last year, according to a report published by the Swiss National Bank. This total is higher by 26.5 per cent than the SwFr 21.89bn ($13.35bn) recorded in 1978.

In 1979 there was a particularly sharp increase in the volume of Swiss franc bank loans, which jumped over the year from SwFr 8.46bn ($5.24bn) to a new high of SwFr 12.14bn ($7.52bn). Of this total, ever SwFr 9.91bn was accounted for by financing loans and SwFr 2.23bn by export credit.

In the medium-term sector, the valne of Swiss franc private placements — so-called notes issues — rose from SwFr 8.99bn ($5.57bn) to SwFr 10.34bn ($6.4bn), or almost the record figure of SwFr 10.48bn booked for 1976.

Ghent plant for Belgian Shell

By Sue Cameron, Chemicals Correspondent

BELGIAN SHELL, part of the Shell group of international chemical companies, is planning to build a £3m plant for the production of catalysts at Ghent. The plant will have a capacity of 4,000 tonnes a year and is scheduled to come on stream at the beginning of 1981.

Migros consolidates top trading status

BY OUR ZURICH CORRESPONDENT

GROUP TURNOVER of the Swiss Migros co-operative rose by 4.4 per cent last year to SwFr 7.71bn ($4.77bn), with annual cash-flow down slightly to SwFr 356m ($220m). Migros thus consolidated its position as Switzerland's top trading company and biggest single importer.

Within the group total, sales of the 12 regional retail co-operatives went up by 2.7 per cent last year to SwFr 6.61bn. Much sbarper turnover increases were recorded by the travel agency chain, Hotelplan, whose sales rose 18.2 per cent to SwFr 437.2m, and the filling station subsidiary, Migrol, which increased turnover by 28.3 per cent to SwFr 399.4m.

Among other Swiss and foreign subsidiaries is the "Eurozentren" group of 25 language and other schools. In England, a school was opened at Lee Green and the Brighton school was expanded last year, while work bas begun on the bnilding of a London unit at Forest Hill.

Groupe Lambert plans to limit growth

BY GILES MERRITT IN BRUSSELS

BARON LEON LAMBERT, the 51-year-old head of Belgium's Bruxelles Lambert financial, banking and industrial holdings group, will tell today's annual meeting that the consolidated balance sheet of Groupe Bruxelles Lambert grew during the year ended September 30, 1979, to BFr 660bn ($23bn) from BFr 570bn the year before. Consolidated net income, however, dropped to BFr 1.78bn ($20bn) from BFr 2.3bn the year before.

The profits performance of what has become a major Belgian financial institution has no marked impact on shareholders. The group's dividend is being proposed at BFr 100 on the 4m shares outstanding, compared with the BFr 90 payment made for 1977 and for the nine months of 1978.

The figures underline the Belgian group's main preoccupation during the next few years. The growth that has lifted Baron Lambert's financial operations from the second rank to a leading position in Belgium in just a few years is now deliberately to be slowed. The management is opting for a period of consolidation, with the accent on boosting net earnings.

For a group that in the four years since its creation as the link between the Bruxelles Lambert banking and financial interests has seen its gross asset value more than triple, this consolidation will be a considerable change of pace.

Excerpts from the Annual Report for the fiscal year from October 1, 1978 to September 30, 1979.

Groupe Bruxelles Lambert SA

Groupe Bruxelles Lambert SA
44.4% Banque Bruxelles Lambert
100% Compagnie Bruxelles Lambert

Combined asset strength

	September 30, 1979 BF millions		September 30, 1979 in %		September 30, 1978 (restated) BF millions		September 30, 1978 (restated) in %	
Corporate premises, furniture, equipment		10,605.3		19.2		10,116.1		20.9
Companies carried at equity in net assets	5,181.4		9.4		4,540.0		9.4	
Investment portfolio	16,832.8		30.4		11,558.6		23.8	
		22,014.2		39.8		16,098.6		33.2
Railroad equipment		11,265.4		20.4		10,801.7		22.3
Land and real estate developments		3,422.6		6.2		2,950.0		6.1
Receivables		2,353.6		4.2		1,742.0		3.6
Cash and equivalents		1,010.9		1.8		446.6		0.9
Other assets		1,247.2		2.3		1,023.0		2.1
Current banking and financial assets	626,295.1				529,423.7			
Less: current banking and financial liabilities	(622,942.7)				(524,113.1)			
Net current banking and financial assets		3,352.4		6.1		5,310.6		10.9
Combined assets		55,271.6		100.0		48,488.6		100.0
Less: short-term debt		(5,392.6)		(9.8)		(4,520.9)		(9.3)
Capital invested		49,879.0		90.2		43,967.7		90.7
Less: long-term debt		(11,613.2)		(21.0)		(10,889.9)		(22.5)
Net assets		38,265.8		69.2		33,077.8		68.2
attributable to Groupe Bruxelles Lambert SA	21,416.3		38.7		16,786.5		34.6	
attributable to minority interests	16,849.5		30.5		16,291.3		33.6	

Asset breakdown

The figures in the tables below are the result of a first attempt to break down assets and results of the group by business segment. They are percentage figures.

	Assets		Results	
	Combined assets	Net assets	Cash-flow	Net income
Banking and leasing	29.8	37.3	63.2	55.9
Broadcasting	17.1	24.5	8.2	18.2
Railroad cars and containers	24.7	18.3	22.5	26.5
Real estate in Belgium and the United States	7.0	7.2	5.7	12.6
Trading	1.0	0.9	3.0	6.5
Other segments, non-allocatable liabilities and expenses	20.4	11.8	(2.6)	(19.7)
	100.0	100.0	100.0	100.0

The breakdown of *net assets* and *results attributable* to Groupe Bruxelles Lambert SA and to others was as follows:

	Net assets		Cash-flow		Net income	
	GBL	others	GBL	others	GBL	others
Banking and leasing	41.4	58.6	42.5	57.5	39.7	60.3
Broadcasting	49.2	50.8	47.4	52.6	47.4	52.6
Railroad cars and containers	70.7	29.3	74.4	25.6	69.4	30.6
Real estate in Belgium and the United States	100.0	—	100.0	—	100.0	—
Trading	98.4	1.6	97.6	2.4	98.4	1.6
Other segments, non-allocatable liabilities and expenses	67.7	32.3	—	—	—	—

Specific liabilities, financial and overhead expenses of Banque Bruxelles Lambert and Compagnie Bruxelles Lambert were allocated to the various business segments. Non-allocatable liabilities, financial and overhead expenses were listed as such and combined with "other segments".
As for Groupe Bruxelles Lambert SA, half of these items were included under "banking and leasing", and half under "non-allocatable".
As the "other segments" showed negative results, we have been unable to compute the share attributable to GBL and to others.
These computations will need *further refinement in the years ahead.*

Summarized below is the asset breakdown per country:

Europe		92%
Belgium	41%	
Luxemburg	21%	
West Germany, Switzerland, Austria	17%	
France	7%	
Other European countries	6%	
America		6%
Africa		2%

Net asset value

At the end of September 1979, net assets of the group were valued at BF 38,266 million, compared with BF 33,078 million a year earlier. Net assets attributable to our company *totalled BF 21,416 million, as against* BF 16,786 million at the end of September 1978. Net assets attributable to others totalled BF *16,849 million, as against 16,291 million.*
Net assets per share after the appropriation of income and goodwill excluded were BF 5,354, compared with *BF 4,197* on September 30, 1978. Net assets per share prior to the appropriation of income were BF 5,479, *as against BF 4,309.*

Illustrated below is the breakdown of net assets per share, *prior to the* appropriation of income, by business segment and by country.

By business segment		By country		
Banking and leasing	BF 1,493	Europe		BF 4,941
Broadcasting	1,170	Belgium	2,195	
Railroad cars and containers	1,255	Luxemburg	882	
Real estate in Belgium and the United States	703	West Germany, Switzerland, Austria	1,217	
Trading	90	France	289	
Other segments	768	Other	358	
		America		421
		Africa		117
	BF 5,479			BF 5,479

Results

The consolidated cash flow of the group aggregated BF 3,953.3 million. The *pro forma* figure for the previous 12-month period from October 1, 1977 to September 30, 1978 was BF 4,040.3 million.
Consolidated net income after BF 2,165.2 million of amortization, depreciation and provisions was BF 1,788.1 million, BF 845.6 million of which was attributable to Groupe Bruxelles Lambert SA.

Dividend

The Board has recommended a cash dividend of BF 100 after tax, to be paid to the 4 million shares of common stock outstanding.

Copies of the Annual Report are available on request to the Secretary, avenue Marnix 24, 1050 Brussels

Copies of the Annual Reports of Compagnie Bruxelles Lambert and Banque Bruxelles Lambert are available on request to the corporate headquarters of these companies.

INTERNATIONAL COMPANIES and FINANCE

FINANCING OF INDUSTRY

East meets West in ASEAN

BY ANTHONY ROWLEY IN HONG KONG

ASEAN — the five-member Association of South East Asian Nations, comprising Indonesia, Malaysia, the Philippines, Singapore and Thailand — is preparing to give birth to a new type of industrial financing institutioo. The plan is for a hybrid of western and eastern institutional forms, combining features of a development bank, a Enropeao-style holding company, and a Japanese "sogo sboshs," or trading company.

The idea has been a long while germinating, but late last month the 25-member ASEAN Bankers Council, meeting in Jakarta with a missioo from tbe Japanese Committee for Economic Development (Keizai Doyukai), sgreed to work out a concrete proposal by May for establishing a joint Japan-ASEAN investment fund to promote industrial development.

The scheme covers in the first instance the setting up of such an institution at ASEAN-only level, to be styled ASEAN Finance Corporation (AFC). This would in turn participate with the Japanese in a second institution. Eventually. AFC might participate in a grid of new industrial financing and development institutions — one in each ASEAN country.

If the framework for these new institutions still seems uncertain, it is because it is only recently, after several years of study, that ideas have begun to crystallise on what is needed to spur industrial and business development in the five-nation block. It is now widely accepted that some sort of institutional catalyst is required to promote the growth of the corporate sector.

The scheme for a hybrid financial institution covers the setting up of a body at ASEAN-only level, which among its activities would participate in a Japan-ASEAN institution. Eventually, a grid of institutions might emerge—one in each of the ASEAN countries

This will probably he an investment fund to which private and state-owned commercial banks in the region will contribute a substantial sum of equity capital, and which will in turn take equity investments in new ASEAN companies, and help existing companies to expand. The new institution is also likely to have a role in providing management, technical and marketing services to new companies, and in helping established ones to grow.

This kind of universal service is what the Japanese sogo shosha specialise in providing to companies in Japan. The vital role these institutions have played in supporting Japan's post-war industrial development has caught the attention of such as Omar Abdalla, the Indonesian hanker who is chairman of the ASEAN Bankers Council. At the same time, some ASEAN bankers have become disillusioned with the development role which British merchant banks play in the region.

One of them, Dr. J. Panglaykim, head of an Indonesian private bank and also a member of the ASEAN Bankers Council, argues that the "pioneering" development role merchant banks played in combining capital with industrial enterprise in Europe had not heen played hy these banks in South East Asia. They had preferred to concentrate on money-market activities. So ASEAN needed to find its own institutional formula.

It is understood that one scheme envisaged a joint Japan-ASEAN institution with a paid-up capital of U.S.$180m, with the Japanese side subscribing U.S.$90m of this and each ASEAN conntry one fifth of the remainder. However, despite some ASEAN countries attraction to the sogo shosha model, caution remains over possible Japanese economic domination in the region, and ASEAN members are likely to want a bigger stake in any joint institution.

Shichiro Murai the chairman of the Keizai Doyuko and a vice president of Japan's Sanwa Bank, said after the meeting in Jakarta that progress had been better than he had expected and that, following a further exchange of views beween the two sides, concrete proposals for a new investment fund would be formulated hy May 23. The proposal would then he submitted to the seventh ASEAN-Japanese husinessmen's meeting in Tokyo on Juiy 10.

What is looked for now is an institution, or group of institutions, which belp to make indigenous groups, buch as the Pribumis in Indonesia and the Bumiputras in Malaysia, partners in industrial development with the overseas Chinese in these countries.

Much the same applies to the Philippines—and to Tbailand, althougb there the Thai and Chinese populations are more closely assimilated. In Chinese-dominated Singapore, The Chinese Chamber of Commerce and Industry (supported by its sister organisation from Malaysia) recently outlined a proposal for an ASEAN Investment Corporation (AIC) to promote private sector economic co-operation in ASEAN. It is unclear at this stage whether this institution, whicb would have a paid-up capital of US$300m. would merge with or exist slongside the new body proposed by the ASEAN Bankers Council.

At the same time, Indonesian Goverment ministers now have on their desks a proposal for an Indonesian Domestic Investment Company (DIC) which would be sponsored by local (mainly state-owned) banks and financial institutions. It would engage in equity investment, corporate and management services, project development, and, at a later stage, capital market development, investment trust activities and underwriting of securities.

One existing investment institution which has played an active part in advising on the possible framework of new institutions, including an ASEAN Investment Capital Fund, is the Singapore-hased Private Investment Company for Asia (PICA). With a multinational shareholder spread of over 200 banks and corporations, PICA has grown slowly hut surely since its founding in 1969 and has provided some US$250m of capital to 190 projects in nine Asisn countries, including $16.8m of equity investments in 57 companies.

Whether this western-instigated venture—modestly successful. hy venture capital standards—will bave a stake in any of the various new institutions under study remains to be seen, but it is likely to have at lesst an advisory cspscity.

This announcement appears as a matter of record only.

ALCOA

Alcoa of Great Britain Limited

£40,000,000

Floating Rate Loan

and

Revolving Acceptance Credit Facility

arranged by

Hambros Bank Limited

provided by

Bank of Scotland — Barclays Merchant Bank Limited — Hambros Bank Limited

Lloyds Bank Limited — Lloyds Associated Banking Company Limited

Nordic Bank Limited — J. Henry Schroder Wagg & Co. Limited

Agent Bank

Hambros Bank Limited

February, 1980

Targets up at Toyota Motor Sales

TOKYO — Toyota Motor Sales Company said that it has revised npwards its after-tax profit forecast for the current husiness year ending next Marcb 31 to about Y33bn ($135m) from Y31hn estimated last November.

It also revised upwards its sales forecast to about Y3,250bn from Y3,150bn.

These compared with after-tax profit of Y22.81hn reported for the last husiness year on sales of Y2,810bn.

The company said that the npward revision followed a larger-than-expected increase in exports to the U.S. and the Middle East, and improved export profitahility dne to the yen's depreciation against the dollar.

Exports in the year are expected to rise to 1.47m vehicles from an original target of 1.37m, while domestic sales will be almost unchanged from the target of 1.63m.

The company exported 1.26m vebicles and sold 1.58m at bome last year.

Reuter

Turnround to operating profit by Showa Denko

BY YOKO SHIBATA IN TOKYO

SHOWA DENKO, the diversified chemical company which merged with Showa Yuka (Petrochemical) in July, made an operating profit of Y15.59hn ($63.7m) in the year to Decemher, to show a sharp recovery from the operating loss of Y488m returned in 1978. Net profits were Y6.83bn, ahead hy 85 per cent, on sales of Y373.94hn ($1.53hn), up 33.4 per cent, over a year earlier. Profits per share improved to Y7.81 from Y4.37.

Petrochemical product sales increased hy 66.5 per cent to acconnt for 51.1 per cent of total sales. Ferro-alloys and furnace products also fared welt, up 38.8 per cent to account for 16 per cent of the total, helped by weaker competition from imported products, in view of the yen depreciation.

Reflecting the increase In the production of electric home appliances and automobiles, domestic demand for petrocbemical prodncts was strong. Cost rises In raw materials sucb as napbtha were fully covered by the Increase in selling prlces of finished products, resulting from the tight relationship of demand and supply.

The company said that price Increases in finished products contrihuted one-third of the operating profits. Rationalisation measures such as reducing employees and horrowings, since 1975 also accounted for one-third, and the merger with Showa Yaka hrought increases in production which accounted for the remainder.

The company has resnmed payment of the annual dividend at a rata of Y4.00 per share. For the current fiscal year the company sees difficulty in passing on cost Increases in the selling price of finished prodncts without meeting resistance from customers. A slight setback in operating profits is expected at Y13hn, (down 17 per cent) on sales up by 12.3 per cent to Y420bn.

* * *

FUJI PHOTO FILM COMPANY lifted consolidated net income to Y21.19bn ($86.5m) in the year ended October 20 from Y19.61hn in the previous year. Sales came to Y358.63bn ($1.46bn) against Y312.59hn and earnings per share reached Y70.2 compared with Y64.9, Reuter reports from Tokyo.

Fuji photo expects net income for the year ending next October to fall to some extent following sharp rises in the prices of silver and other raw materials.

The company plans to raise prices of its films, hut it will be difficult to pass on all price rises of raw materials to consumers.

The company said total sales will rise following the planned increases in product prices.

* * *

NET consolidated income at Kajima Corporation shows little change for the year to November 30 at Y13.6bn ($55.5m) against Y13.66m Reuter reports. Sales totalled Y684.96bn ($2.8bn) compared with Y609.94bn and earnings per share came to Y18.73 against Y18.82.

TNT lifts dividend

BY JAMES FORTH IN SYDNEY

THOMAS NATIONWIDE TRANSPORT (TNT), the international transport group, has raised its interim dividend from 5 cents a sbare to 6 cents on capital increased by last year's one-for-10 scrip issue. Last year a final of 6 cents was paid, lifting the total payout from 9 cents to 11 cents.

Profit figures for the half-year ended Decemher will be released on February 25. In 1978-79 group profit rose by 65 per cent to A$23.3m (US$25.8m) and the directors forecast a higher result for the current year. The company has already reported a 91 per cent jump in profit for the first quarter to A$10.5m.

The interim dividend is the last six-monthly payment to be made hy TNT. The directora have previously announced that in future dividends wlll be on a quarterly hasis. TNT is thought to be the first industrial company in Australia to adopt this procedure. The dividend will be paid on March 28.

General Mining buys into Siemens South Africa

BY JIM JONES IN JOHANNESBURG

GENERAL MINING, the South African mining house, has acquired a 16 per cent interest in Siemens Ltd., the German company's South African operating arm. In itself, the acquisition means no effective change in control of Slemens—the German parent's 52 per cent controlling interest remains unchanged.

In acquiring an 8 per cent interest from South Africa's largest life assurer, the Old Mutual and a further 8 per cent from the state-owned Industrial Development Corporation (IDC), however, General Mining could he laying the ground for a drive into export markets for Siemens' South African-manufactured products. Genersl Mining has significant engineering interests which conld enter into joint ventures with Siemens.

No details have been provided on what General Mining has pald for its shares, but the 8 per cent acquired from the Old Mutual is linked with the assurer's acquisition of General Mining's interest in Lydenhurg Platinum only a few weeks ago. Siemens is not quoted. Its other shareholders are IDC (16 per cent) and the Federale Group (16 per cent).

* * *

SOUTH AFRICA'S largest cement producer, Anglo Alpha Cement, increased its operating income to R29.9m ($36.8m) in the year to December 31. This represents an annual rate of increase of 43.4 per cent In comparison with the R31.3m for the 18 months to Decemher 1978.

Though domestic cement demand improved during the year, volume sales declined hecause of lower export sales. Even so, the group's lime, crushed stone, and textiles divisions met with considerable growth in demand, resulting in a turnover rise at an annual rate of 17.2 per cent, to R138.1m ($169.9m), from the previous 18 months' R176.7m.

After current cost adjustments and extraordinary items, attributable profit was R10.4m, against the previous 18 months' R8.8m.

VOLKSWAGEN INTERNATIONAL FINANCE N.V.

7¾% US-$-Bonds of 1978/1985

— Private Placement —

Drawing of Bonds as per June 1, 1980

For tha second redemption instalment due June 1, 1980 in the nominal amount of US-$ 5,000,000.– a drawing by lot took place before a notary public, pursuant to § 3 of the Terms and Conditions of the Loan.

The Series C

with tha numbers 2001 to 5000 (US-$ 1,000 each) and 7801 to 6200 (US-$ 10,000 each)

has been drawn.

The drawn Bonds shall be redeemed at par from June 1, 1980 and shall cease to bear interest as per May 31, 1980.

Tha Bonds will be paid in the United States of America at

Commerzbank Aktiengesellschaft, New York Branch

and outside the United States of America at

Commerzbank Aktiengesellschaft and its branch offices.

Coupons as per June 1, 1981 and following are to be attached to the Bonds. The amount of missing unmatured coupons will be deducted from the principal amount. The coupon as per June 1, 1980 will be paid separately.

Amsterdam, February 1980

Volkswagen International Finance N. V.

Notice of Purchase

European Investment Bank

9⅜% Dollar Bonds of 1979, Due February 15, 1991

Notice is hereby given to Bondholders that The Nikko Securities Co., Ltd. as Purchase Agent for account of such bank, has purchased during the eleven-month period ending February 14, 1980, U.S. $6,000,000 principal amount of such Bonds.

On February 15, 1980 the principal amount of Bonds remaining in circulation was U.S. $94,000,000.

Luxembourg, February 20, 1980

This announcement appears as a matter of record only.

Eastern Air Lines Inc

$156,000,000

with the guarantee of

Export Credits Guarantee Department

in connection with contracts awarded to Rolls-Royce Limited for the supply of RB-211-535 engines for the Boeing 757

Arranged by

Lazard Brothers & Co., Limited

Funds provided by

Chase Manhattan Limited

Citicorp International Bank Limited

Lazard Brothers & Co., Limited

Midland Bank Limited

National Westminster Bank Group

Agent Bank

Lazard Brothers & Co., Limited

This announcement appears as a matter of record only.

Egyptian Electricity Authority

£15,162,187

guaranteed by

National Bank of Egypt

in connection with a contract awarded to Rolls-Royce Limited for the supply, installation and commissioning of four 50 Mw generating sets for the Mahmoudiya Power Station

Arranged by

Lazard Brothers & Co., Limited

Funds provided by

Barclays Bank Limited

Lazard Brothers & Co., Limited

National Westminster Bank Group

with the guarantee of

Export Credits Guarantee Department

Agent Bank

Lazard Brothers & Co., Limited

This announcement appears as a matter of record only.

The Romanian Bank for Foreign Trade

£68,503,603

with the guarantee of

Export Credits Guarantee Department

in connection with contracts awarded to Rolls-Royce Limited for the supply, assembly and manufacture of Spey 512-14DW engines

Arranged by

Lazard Brothers & Co., Limited

Funds provided by

Anglo-Romanian Bank Limited

Barclays Bank Limited

Lazard Brothers & Co., Limited

Lloyds Bank Limited

Midland Bank Limited

National Westminster Bank Group

Agent Bank

Lazard Brothers & Co., Limited

Companies and Markets

CURRENCIES, MONEY AND GOLD

Dollar strong

The dollar gained ground in active foreign exchange trading yesterday against a background of firmer U.S. interest rates, and the commitment by Mr. Paul Volcker, chairman of the Federal Reserve Board, to tight monetary policy. Sterling, which has been in demand in U.S. centres during recent weeks, came under some selling pressure in the late afternoon. The pound opened at $2.2925-2.2935, the highest level of the day, and fell to $2.2825 at noon, and to $2.2725 by mid afternoon. As U.S. markets became heavy buyers of dollars, sterling fell quickly to a low point of $2.2660-2.2670, where the Bank of England intervened to support the pound. With assistance from the authorities and some late natural demand sterling recovered slightly to close at $2.2715-2.2725, a fall of 2.45 cents on the day. The pound's trade-weighted index, as calculated by the Bank of England, fell to 72.3 from 72.9 after standing at 72.8 in the morning and 72.6 in the afternoon.

The dollar's index, on Bank of England figures, rose to 85.8 from 85.5. The U.S. currency improved to DM 1.7480 from DM 1.7410 against the D-mark, and to SwFr 1.6380 from SwFr 1.6280 in terms of the Swiss franc. Trading in the Japanese yen was quiet, but the dollar rose to Y245.40 from Y244.90.

D-MARK — *Very strong, but remaining steady within the European Monetary System*—The D-mark was firmer against the French franc, Italian lira, Belgian franc, and Danish krone at the Frankfurt fixing, but declined against the Irish punt and Dutch guilder. Outside the EMS the German currency continued to rise against the Swiss franc, Japanese yen and sterling. The pound was fixed at DM *3.9830*, compared with DM 3.9970 on Monday, but the dollar improved to *DM 1.7446 from* DM 1.7405. The Bundesbank did not intervene in the market.

ITALIAN LIRA — *Recent demand has reflected tight conditions in the domestic money market: strongest EMS currency with French franc*—The lira was mixed against its EMS partners and other *major currencies* at the Milan fixing. The D-mark rose to L463.48 from L463.30, but the French franc eased to L197.36 from L197.69. The guilder, Danish krone, and Irish punt also improved against the lira, but the Belgian franc lost ground. The Bank of Italy sold the entire $16.5m traded officially when the dollar rose to L808.55 from L806.20 at the fixing. Sterling fell to L1,844.80 from L1,850.40.

DANISH KRONE — *Basically weak, suffering two devaluations since EMS began last March*—The krone lost part of its recent gains against its EMS partners and other major currencies at the Copenhagen fixing, although the French franc fell to DKr 1.3337 from DKr 1.3345, and the *Swiss franc* to DKr 3.3350 from DKr 3.34. The lira was unchanged, but the *D-mark*, Belgian franc, Dutch guilder and Irish punt all gained ground. The dollar rose to DKr 5.45 from DKr 5.4360, and sterling to DKr 12.4710 from DKr 12.4680.

JAPANESE YEN — *Energy problems reflected in sharp decline last year, but steadier until recent days when downward trend has been renewed*—The yen remained weak in Tokyo, despite the rise in the Bank of Japan discount rate on Monday. The central bank continued to support the yen yesterday as the dollar rose to Y245.10 from Y243.77½. Market sources predicted that the yen will decline further unless there are further moves to assist the yen. It was estimated that the authorities bought about $250m to stem the dollar's advance *yesterday*.

THE POUND SPOT AND FORWARD

Feb. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2660-2.2935	2.2715-2.2725	0.30-0.20c pm	1.32	1.32-1.22 pm	2.23
Canada	2.6250-2.6650	2.6340-2.6360	0.82-0.72c pm	3.51	2.48-2.38 pm	3.69
Nethlnd.	4.35½-4.41	4.37-4.38	2½-1½c pm	5.48	6⅞-5⅞ pm	5.83
Belgium	64.20-64.95	64.40-64.50	20-10c pm	2.79	55-45 pm	3.10
Denmark	12.35-12.47	12.38¾-12.39¾	3¼-5¼ore dis	-4.12	9¾-11¾ dis	-3.47
Ireland	1.0680-1.0760	1.0705-1.0715	par-0.10p dis	-0.56	0.14-0.24dis	-0.71
W. Ger.	3.96-4.00	3.97-3.98	3½-2½pf pm	9.06	9¾-8¾ pm	9.31
Portugal	107.50-108.90	107.85-108.05	20-70c dis	-5.00	30-130 dis	-2.96
Spain	151.85-153.20	152.30-152.40	15-65c dis	-3.15	45-149 dis	-2.49
Italy	1,833-1,849	1,836½-1,837½	1-3 lire dis	-1.31	6¾-8¾ dis	-1.69
Norway	11.07-11.19	11.09½-11.10½	6-4ore pm	5.40	17¼-15¼ pm	5.85
France	9.28-9.36	9.30½-9.31½	4½-3½c pm	5.15	12-11 pm	4.94
Sweden	9.45-9.57	9.48¼-9.49¼	3½-1½ore pm	3.16	9-7 pm	3.37
Japan	555-565	557-558	3.70-3.40y pm	7.64	11.20-10.90pm	7.93
Austria	28.35-28.65	28.40-28.45	22-12gro pm	7.18	67-57 pm	8.72
Switz.	3.71-3.74½	3.71¾-3.72¾	4¾-3¾c pm	13.70	12-11 pm	12.36

Belgian rate is for convertible francs. Financial franc 65.45-65.55. Six-month forward dollar 2.10-2.00c pm, 12-month 3.25-3.15c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2660-2.2935	2.2715-2.2725	0.30-0.20c pm	1.32	1.32-1.22 pm	2.23
Ireland†	2.1255-2.1270	2.1265-2.1270	0.50-0.40c pm	2.55	1.82-1.72 pm	3.34
Canada	1.1587-1.1606	1.1598-1.1601	0.14-0.11c pm	1.29	0.43-0.40 pm	1.43
Nethlnd.	1.9202-1.9238	1.9228-1.9238	0.75-0.68c pm	4.46	1.78-1.68 pm	3.60
Belgium	28.31-28.38	28.36-28.38	5-3c pm	1.69	7-5 pm	0.84
Denmark	5.4485-5.4520	5.4495-5.4510	2.15-2.65ore dis	-5.28	7.40-7.90dis	-5.61
W. Ger.	1.7410-1.7510	1.7475-1.7485	1.16-1.06pf pm	7.62	3.10-3.00 pm	6.98
Portugal	47.45-47.73	47.63-47.73	10-20c dis	-3.77	30-60 dis	-3.77
Spain	66.89-67.22	67.19-67.22	15-25c dis	-3.57	65-70 dis	-3.72
Italy	807.50-809.20	808.90-809.20	1½-2½ lire dis	-3.15	8-9 dis	-4.20
Norway	4.8780-4.8890	4.8810-4.8820	1.90-1.40ore pm	4.06	4.65-4.15 pm	3.60
France	4.0850-4.1010	4.0970-4.0980	1.20-1.10c pm	3.36	2.80-2.65 pm	2.66
Sweden	4.1695-4.1760	4.1742-4.1752	1.00-0.80ore pm	2.59	1.50-1.30 pm	1.34
Japan	245.20-245.75	245.35-245.45	1.50-1.35y pm	6.97	3.85-3.50 pm	5.83
Austria	12.493-12.512	12.507-12.512	7.50-6.90gro pm	6.91	21.50-19.50	6.55
Switz.	1.6265-1.6415	1.6375-1.6385	1.70-1.63c pm	12.20	4.20-4.13 pm	10.17

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Feb. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	Unavail	0.625881
U.S. $	13	"	1.45579
Canadian $	14	"	1.66796
Austria Sch.	5¼	"	17.9044
Belgian F.	10½	"	40.5684
Danish K.	13	"	7.80159
D'Mark	6	"	2.49900
Guilder	9½	"	2.75141
French Fr.	9½	"	5.85445
Lira	15	"	1157.61
Yen	7¼	"	351.062
Norwgn. Kr.	8	"	6.99591
Spanish Pts.	8	"	95.9680
Swedish Kr.	10	"	5.97878
Swiss Fr.	9	"	2.35833

CURRENCY MOVEMENTS

Feb. 19	Bank of England Index	Morgan Guaranty changes %
Sterling	72.3	-33.9
U.S. dollar	85.8	- 7.7
Canadian dollar	81.8	-16.4
Austrian schilling	158.3	+24.5
Belgian franc	115.3	- 13.5
Danish kroner	108.7	- 3.0
Deutsche mark	157.8	+46.0
Swiss franc	199.4	+78.8
Guilder	126.3	+20.4
French franc	101.9	- 5.8
Lira	65.5	-49.6
Yen	115.1	+14.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Feb. 19	£	$		£ Note Rates
Argentina Peso	3824-3844	1685-1690	Austria	28.45-28.70
Australia Dollar	2.0565-2.0605	0.9055-0.9060	Belgium	66.15-66.65
Brazil Cruzeiro	102.12-105.12	44.95-45.40	Denmark	12.41-12.48
Finland Markka	8.42-8.43	3.7155-3.7175	France	9.29-9.55
Greek Drachma	88.964-91.086*	38.20-38.40	Germany	3.97-3.99½
Hong Kong Dollar	11.08¼-11.10¼	4.8850-4.9000	Italy	1875-1920
Iran Rial	n/a	n/a	Japan	559-564
Kuwait Dinar(KD)	0.619-0.629	0.2731-0.2752	Netherlands	4.37-4.39½
Luxembourg Frc.	64.40-64.50	28.36-28.38	Norway	11.11-11.18
Malaysia Dollar	4.9460-4.9500	2.1800-2.1810	Portugal	106-110
New Zealand Dlr.	2.3205-2.3255	1.0215-1.0225	Spain	150¼-157½
Saudi Arab. Riyal	7.63-7.73	3.3590-3.3620	Sweden	9.61-9.56
Singapore Dollar	4.8900-4.9040	2.1550-2.1560	Switzerland	3.72¾-3.74¾
Sth. African Rand	1.8425-1.8450	0.8110-0.8120	United States	2.275-2.283
U.A.E. Dirham	8.50-8.60	3.7405-3.7435	Yugoslavia	50-52½

Rate given for Argentina is free rate. * Indication only.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 18	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.5500	+1.91	+1.50	±1.53
Danish Krone	7.72336	7.79255	+0.90	+0.49	±1.64
German D-Mark	2.48208	2.49642	+0.58	+0.17	±1.125
French Franc	5.84700	5.85853	+0.20	-0.21	±1.3557
Dutch Guilder	2.74362	2.74938	+0.21	-0.20	±1.512
Irish Punt	0.668201	0.673237	+0.75	+0.34	±1.668
Italian Lira	1157.79	1156.12	-0.14	-0.14	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. *Adjustment calculated by Financial Times.*

EXCHANGE CROSS RATES

Feb. 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.272	5.976	557.5	9.510	3.723	4.375	1837.	2.635	64.45
U.S. Dollar	0.440	1.	1.750	245.4	4.098	1.638	1.926	808.5	1.160	38.57
Deutschemark	0.352	0.672	1.	140.5	3.342	0.856	1.101	462.1	0.665	16.21
Japanese Yen 1,000	1.794	4.075	7.130	1000.	16.70	6.677	7.848	3295.	4.726	115.6
French Franc 10	1.074	2.440	4.270	598.8	10.	3.998	4.699	1973.	2.830	69.25
Swiss Franc	0.268	0.610	1.068	149.8	2.501	1.	1.175	493.5	0.708	17.31
Dutch Guilder	0.228	0.519	0.909	127.4	2.128	0.851	1.	419.9	0.602	14.75
Italian Lira, 1,000	0.544	1.237	2.164	303.5	5.068	2.026	2.382	1000.	1.434	35.08
Canadian Dollar	0.380	0.862	1.509	211.6	3.534	1.413	1.661	697.5	1.	24.46
Belgian Franc 100	1.552	2.525	6.168	865.0	14.45	5.776	6.788	2850.	4.088	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.40-15.50 per cent; three-months 15.75-15.85 per cent; six months 15.80-15.90 per cent; one year 15.25-15.35 per cent.

Feb. 19	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	19-19¼	15⅜-15⅝	12⅛-13⅛	10⅛-10¾	¼-½	7⅞-8	11¾-12	14-16	—	7¼-8½
7 days' notice	17⅞-18⅛	15⅜-15⅝	12⅛-13½	11⅛-11⅜	¾-1	7⅞-8	11¾-12	16-19	16⅛-15¼	8⅛-9
Month	17¾-18	16⅜-16⅝	13⅞-14¼	11⅝-11⅞	3 1/16-5 1/16	8½-8⅝	12¼-12½	18⅜-18¾	16 5/16-16 7/16	9¼-9⅜
Three months	18 1/16-18 3/16	15 15/16-16 3/16	13⅞-14¼	11⅞-12⅛	4 15/16-5 1/16	8 9/16-8 11/16	12½-12¾	17¼-20¼	15⅝-15¾	9 1/16-9⅛
Six months	17¾-18	15 15/16-16 3/16	13⅞-14¼	11⅞-12⅛	5 1/16-5 3/16	8 11/16-8 13/16	13⅛-13⅜	19½-20½	15⅝-15¾	9¾-8⅞
One year	17⅛-17⅜	15⅜-16⅝	13¾-14⅛	11⅞-12⅛	5 5/16-5 7/16	8 15/16-9	13¼-13½	21-22	15 5/16-15 7/16	9½-9⅝

Long-term Eurodollar two years 14¾-14⅞ per cent; three years 14⅝-14⅞ per cent; four years 14⅛-14⅜ per cent; five years 14-14¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Rates to stay firm

Tight conditions continue to prevail in the world's major money markets. In its latest monthly report the West German Bundesbank mentioned inflationary pressure and continued economic growth as prime reasons for the maintenance of tight economic policies. Germany's discount rate was raised by 1 per cent to 6 per cent last November, but recent discount rate increases by the U.S. Federal Reserve and the Bank of Japan has increased speculation that another rise may occur in the near future. In Frankfurt yesterday period rates were unchanged but call money eased to 7.40-7.70 per cent from 7.90-8.00 per cent. During the past two weeks day-to-day money has declined steadily from 8.65 per cent.

In Paris term money was firmer, and call funds rose to 11¾ per cent, after touching a five-month low of 11¼ per cent on Monday.

In Brussels the fear of driving interest rates even higher has forced the Belgian Government to postpone plans for two public borrowings. The two offerings scheduled for March, totalling BFr 26bn, have been shelved following the lack of enthusiasm for the previous bond issue, even at a record 11 per cent. The prospect for having to offer considerably more attractive terms led to the decision, particularly since commercial banks have sought to attract funds by reducing to BFr 1m from BFr 5m the minimum deposit eligible for high interest rates of 13-14 per cent.

GOLD

Weaker trend

Gold fell $14 to close at $646-$651 in the London bullion market yesterday. The metal opened at $660-665, and touched a high point of $662-667, but trading was very quiet during the morning. It was fixed at $661.75 in the morning and $652.25 in the afternoon. With the opening of the New York market gold fell to a low point of $642-646, following comments by Mr. Paul Volcker, chairman of the Federal Reserve Board, on U.S. monetary policy.

In Paris the 12½ kilo gold bar was fixed at FFr 86,000 per kilo ($652.96 per ounce) in the afternoon, compared with FFr 86,005 ($654.24) in the morning, and FFr 86,000 ($655.76) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 37,055 per kilo ($661.75 per ounce) compared with DM 37,235 ($665.25) previously.

	February 19		February 18	
Gold Bullion (fine ounce)				
Close	$646-651	(£284-285½)	$660-665	(£287.6-289.8)
Opening	$660-665	(£288¾-291)	$659-664	(£286.65-288.8)
Morning fixing	$661.75	(£289.100)	$665.25	(£289.844)
Afternoon fixing	$652.25	(£287.082)	$661.50	(£288.235)
Gold Coins				
Krugerrand	$649-654	(£285½-288½)	$665-667	(£289-295½)
Mapleleaf	$648-654	(£285½-288½)	$663-667	(£289-293½)
New Sovereigns	$161-164	(£71-73)	$163-167	(£71-72¾)
King Sovs	$173-176	(£76-79)	$173-177	(£75½-77¼)
Victoria Sovs	$174-177	(£76½-72½)	$175-180	(£76½-78¼)
French 20s	$155-166		$156-159	
50 pesos Mexico	$808-817		$820-830	
100 Cor. Austria	$627-637		$635-646	
$20 Eagles	$774-779		$780-790	
$10 Eagles	—		—	
$5 Eagles	—			

UK MONEY MARKET

Further help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit remained in slightly short supply in the London money market yesterday and the authorities gave further small assistance by buying a small amount of Treasury bills and a small number of local authority bills from the discount houses.

Banks brought forward surplus balances from Monday, but this was outweighed by the unwinding of repurchase agreements on a moderate amount of bills.

Discount houses paid 16½-17 per cent for secured call loans in the morning, and closing balances were taken at 16-16½ per cent.

In the interbank market trading was fairly volatile ahead of monthly make-up day, but the general trend was for a reduction in interest rates. Overnight loans opened at 17-17½ per cent, and eased to 16½-17 per cent in the morning, before touching 16½-16¾ per cent at lunch. During the afternoon rates continued to decline to a low point of 16-16½ per cent, before rising to 17½-18 per cent at the close.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	15¼-15¾
Fed. Funds	16¼-16½
Treasury Bills (13-week)	13.60
Treasury Bills (26-week)	13.28

GERMANY

Discount Rate	6
Overnight Rate	7.65
One month	8.50
Three months	8.55
Six months	8.75

FRANCE

Discount Rate	9.5
Overnight Rate	11.75
One month	12.3125
Three months	12.6875
Six months	12.6875

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.375
Bills Discount (three-month)	—

LONDON MONEY RATES

Feb. 19 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	16-18	—	—	—	17¼	16-17	—	—	—
2 days notice	—	—	17¾-18	—	—	—	—	—	—	—
7 days or 7 days notice	—	16⅝-17⅛	17⅞-18⅛	—	18⅛	17½-17¾	16⅝	—	—	—
One month	17⅝-17⅞	17½-17¾	17¾-17⅛	19-18¾	18⅛	18	16⅝	15 27/32	18	18⅛
Two months	17⅝-17⅞	17⅞-17¾	—	19-18½	18⅛	—	16½	16 1/32	17¾	18 1/16
Three months	17⅝-17⅞	17⅞-17⅞	17¾-17⅞	18¼-17¾	18⅛	18	16⅜	16 1/32	17½	18
Six months	17-16⅞	17-17⅞	16⅞-17⅛	17¼-16¾	17½	18	—	—	16⅞	16¾
Nine months	18⅛-16	16⅛-16⅜	—	17-16⅝	16¾	—	—	—	—	—
One Year	15⅞-15¾	16⅞-16⅝	16⅝-16⅞	16¼-16	16⅛	—	—	—	—	—
Two years	—	—	15⅝-16¼	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. "Long-term local authority mortgage rates nominally three years 15¾-16 per cent; four years 15⅝-15⅞ per cent; five years 15½-15¾ per cent. фBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17 per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15 27/32 per cent; two-months 16 1/32 per cent; three-months 16 1/32 per cent. Approximate selling rate for one-month bank bills 17⅞ per cent; two-months 17⅝ per cent; three-months 17½ per cent; one-month trade bills 18¾ per cent; two-months 18⅜ per cent and three-months 17¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from February 1, 1980. *Clearing Bank* Deposit Rates for sums at seven days' notice 15 per cent. *Clearing Bank Rates for lending* 17 per cent. Treasury Bills: Average tender rates of discount 15.1643 per cent.

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WORLD STOCK MARKETS

Early fresh Dow fall of 11.

WITH INVESTORS growing more discouraged about the outlook for interest rates and inflation, Wall Street continued to retreat sharply over a broad front in fairly active trading yesterday morning on returning after the holiday-lengthened weekend.

The Dow Jones Industrial Average, after receding about nine points last Friday, was 11.52 lower at 873.46 at 1 pm yesterday. The NYSE All Common Index weakened 75 cents to $65.39, while falls outpaced advances by a four-to-one margin. Trading volume slowed to 25.04m shares from last Friday's 1 pm figure of 35.55m.

Many major banks yesterday raised their prime rates to a record 15¾ per cent. Most had been at 15¼ per cent. The increases followed an increase in the Discount Rate last Friday to 13 per cent from 12. Additionally, Federal Reserve chairman Volcker said money supply growth targets will be tighter in 1980 than 1979.

Analysts said investors were also discouraged by a 1.6 per cent rise in January wholesale prices, announced on Friday, which suggests continued double-digit inflation for months.

Among the recently strong Oils, Superior Oil lost 3½ to $162½, Getty 2¾ to $87¼, active Gulf Oil ½ to $44⅜, Texaco ⅞ to $37 and Exxon 1¾ to $62¼.

American Telephone shed ½ to $50⅝. Analysts said there is an even chance that the company will not raise the quarterly dividend at its February meeting today, after having done so for the past four years.

Martin-Marietta declined 1¼ to $51⅜. It is to build an $85m 650,000 ton-per-year cement plant. Deere slipped ½ to $35 after reduced fiscal first-quarter net earnings.

Volume leader American Cyanamid, however, rose 1¾ to $34. It has been the subject of periodic merger speculation.

THE AMERICAN SE Market Value Index, in contrast to the NYSE, rose 1.00 to 282.35 at 1 pm. Volume 3.81m shares (4.53m).

Gulf Canada rose 6¾ to $123¾, continuing to advance on news of a planned five-for-one stock split. Dome Petroleum added 2¾ at $62¾.

Canada

The defeat of the Conservative Party and the election of a Liberal majority Government in Monday's Federal Election was received favourably by Canadian markets, and shares mainly moved ahead in active early dealings.

The Toronto Composite Index gained 7.4 at 2,075.9 at noon, while Oil and Gas put on 25.9 to 4,448.6 and Metals and Minerals 15.4 to 2,2242.5, but Golds shed 7.5 to 3,235.6.

Tokyo

Following Monday's broad setback in anticipation of the announcement, made later that day, of a sharp rise in the Official Discount Rate, some segments of the Tokyo market picked up yesterday although there was an overall bias to lower levels.

The Nikkei-Dow Jones Average, down 71.11 the previous day, recouped 6.49 at 6,763.09, but declines on the First Market section outnumbered rises by 346 to 278. There was a fair turnover of 410m shares, but amounted to only half of Monday's heavy volume of 800m.

Non-ferrous Metal issues, Oils, Coals, Trading Houses, Machine Manufacturers and a number of export-orientated stocks advanced.

Coal Minings met speculative buying partly on consideration of the recent coal price increase overseas. A broker added that there was also speculation that coal development will be a major energy subject in the next economic summit of seven industrialised nations to be held in Italy this June. Sumitomo Coal rose Y30 to Y253.

Nippon Oil improved Y30 to Y1,880, while among Trading Houses, Mitsubishi added Y15 at Y700.

Expectations of increased defence spending directed buying attention to the Machine Manufacturing sector, Ikegai Iron Works gaining Y29 to Y369.

Steels and Shipbuildings rose initially, but closed lower on balance on profit-taking, while Oji Paper lost Y12 to Y368 despite a report of a 34 per cent rise in newsprint prices from April.

Toyota Motor, which plans to increase its car prices in the U.S. market, hardened Y5 to Y828.

Elsewhere, Nippon Mining improved Y15 to Y373, Canon Y13 to Y659, Honda Motor Y9 to Y615, Olympus Y15 to Y750 and Pioneer Electronic Y20 to Y1,980.

Germany

The market advanced broadly after Monday's downturn, with dealers reporting lively trading despite the session ending early due to the partial Shrove Tuesday holiday. There was domestic institutional buying and some foreign demand.

Motors and Machines scored the day's sharpest gains. KHD advanced DM 6.50, Linde DM 6.00, Daimler-Benz DM 5.00, Volkswagen DM 3.60 and BMW DM 3.00.

Horten added DM 6.80 in Stores and Brown Boveri DM 4 in Electricals.

The Domestic Bond Market, however, weakened as the trading session closed, with some older public issues falling a full percentage point and with Deutsche Bundesbank intervening to take stock valued at DM 8.9m out of the market. Dealers said trading had been soured, particularly for older Railroad paper, by difficulties in placing the DM 800m Bundespost issue, announced two weeks ago.

Australia

Oil and Mining issues, particularly the Heavyweights, mainly continued profit-taking pressu[re] absence of the [...] overseas buying, bu[t] partial recovery [...] Industrials present[ed] appearance.

The Sydney Al[l] index lost 5.54 m[...] and the Metals [...] index finished 78[...] 6,129.37.

Coal and Alli[ed] A$1.00 to A$10.00, [...] 15 cents to A$4.8[...] nental 30 cents to [...] Lyell 20 cents to A$[...] Mining 10 cents t[o] Queensland Mines [...] A$8.80.

Peko-Wallsend w[as] weaker at A$9.30, [...] down to A$8.90. [...] finally 15 cents of[f] after sales as low a[s]

Southern Pacific [...] lost 90 cents to A$1[...] Rundle oil shale pa[...] Pacific, fell A$2 to [...]

However, specu[lative] Leichardt Explo[ration] about to make an a[...] on its diamond [...] Namibia saw the [...] A$2.00 to $A7.90.

Singapore

After the four-[day] weekend closure fo[r] Lunar New Year fe[stival] Singapore market [...] ground yesterday [...] volume, but finishe[d the] day's best on profi[t...] Straits Times Ind[ex] was a net 6.98 high[er...] ing six-year peak of [...]

Straits Trading pu[t on ...] to S$9.65.

Johannesburg

Gold shares show[ed a ...] trend again after [...] trading. St. Helen[a ...] cents to R34.50 a[nd] Brand 75 cents to [...] Harties rose 100 ce[nts]

Elsewhere, Impa[la ...] cents to R6.90 follow[ing ...]

Closing prices for North America were not available for this edition.

NEW YORK

(Stock price tables: New York, Canada, Belgium, Denmark, France, Germany, Holland, Italy, Norway, Sweden, Switzerland, Austria, Belgium/Luxembourg, Australia, Hong Kong, Japan, Singapore, South Africa, Brazil)

CANADA

Stock	Feb. 18	Feb. 16
Abitibi	23⅛	23⅝
Agnico Eagle	14⅝	14
Alcan Alumn	68	68
Algoma Steel	37¼	37
Asbestos	35¼	35⅞
Bk Montreal	23¼	25¼

BELGIUM (continued)

Feb 19	Price Frs.	+ or —
Petrofina	9,100	+160
Royale Belge	5,700	—50
Soc Gen Banq	2,760	......
Soc Gen Belge	1,705	—5
Sofina	3,480	—10
Solvay	2,380	+10
Traction Elect	9,570	—40
UCB	1,438	—2

HOLLAND

Feb. 19	Price Fls.	+ or —
ACF Holding	71.5	+1.5
Ahold	77.3	—0.1
AKZO	26.3	+0.6
ABN	201.2	—0.8
AMEV	69.5	+1.0
AMRO	01.8	—0.1
Bredero Cert	216.0	—0.5

AUSTRALIA

Feb. 19	Price Aust. $	+ or —
ANZ Group	4.70	—0.05
Acrow Aust	1.05	......
Allstate Expl	6.10	+0.10
Ampol Pet	1.20	—0.05
Assoc. Pulp Pap.	2.66	......
Audimco	0.28	......
Aust Cons Ind	9.22	......
Aust Guarant.	1.53	......

JAPAN (continued)

Feb. 19		
Makita		
Marubeni		
Marudai		
Marui		
Matsushita		
M'ta Elec Works		
M'bishi Bank		
M'bishi Corp		

Indices

NEW YORK—DOW JONES

	Feb. 10	Feb. 14	Feb. 13	Feb. 12	Feb. 11	Feb. 8	1979-80 High	1979-80 Low	Since Cmpil'tn High	Since Cmpil'tn Low
◆Industr'ls	884.98	895.77	903.84	888.98	868.59	886.73	903.84 (13/2/80)	796.67 (7/11)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	98.16	69.57	68.18	68.54	69.04	69.30	66.10 (15/8)	66.18 (18/2/80)	—	—
Transport	287.26	290.86	287.72	287.23	300.64	305.80	306.80 (8/2/80)	205.78 (27/2)	308.80 (8/2/80)	12.28 (8/7/32)
Utilities	111.20	112.65	113.48	112.82	112.28	111.63	113.48 (13/2/80)	98.24 (24/10)	163.32 (20/4/65)	10.52 (28/4/42)
TradingVol 000's	46,686	50,848	65,288	48,030	58,660	57,898	—	—	—	—

◆Day's high 892.80 low 870.09

Ind. div. yield %	Feb. 8	Feb. 1	Jan. 25	Year ago (approx)
	0.60	6.50	6.40	5.95

STANDARD AND POORS

	Feb. 16	Feb. 14	Feb. 13	Feb. 19	Feb. 11	Feb. 8	1979-80 High	1979-80 Low	Since Cmpil'tn High	Since Cmpil'tn Low
‡Indust'ls	138.94	132.41	134.47	133.36	132.78	133.70	134.47 (13/2/80)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	116.41	116.72	118.44	117.90	117.12	117.95	118.44 (15/2/80)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Feb. 13	Feb. 6	Jan. 30	Year ago (approx)
Ind. div. yield %	4.81	4.92	4.89	5.07
Ind. P/E Ratio	8.46	8.22	8.29	8.98
Long Gov. Bond Yield	11.85	11.88	11.10	8.69

N.Y.S.E. ALL COMMON

Feb. 15	Feb. 14	Feb. 13	Feb. 12	1979-80 High	1979-80 Low
66.14	66.82	67.77	67.61	67.77 (13/2/80)	33.88 (27/3)

Rises and Falls	Feb. 15	Feb. 14	Feb. 13
Issues Traded	1,885	1,871	1,853
Rises	367	413	800
Falls	1,150	1,105	759
Unchanged	368	303	674
New Highs	—	58	180
New Lows	—	50	78

MONTREAL

	Feb. 18	Feb. 15	Feb. 14	Feb. 13	1979-80 High	1979-80 Low
Industrial	377.13	372.85	371.32	383.63	384.66 (11/2/80)	219.16 (2/1)
Combined	347.97	344.64	345.94	354.58	359.08 (11/2/80)	225.80 (2/1)
TORONTO Composite	2068.5	2044.9	2045.8	2107.7	2110.5 (11/2/80)	1515.8 (2/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
IBM	582,800	67⅜	—½	Occidental petm.	410,700	28½	—½
Texaco	502,200	37⅞	+⅛	Baxter Labs.	405,600	40⅛	+1⅞
Mobil	443,100	63½	+⅛	Amer. Tel Tel.	387,500	50¾	—⅛
Olin	423,400	21¼	+1⅞	Gulf Oil	385,800	44¾	—¼
Xerox	413,600	20¾	+3	Amer. Cyanamid	347,800	32¼	+2¼

	Feb. 19	Feb. 18	Feb. 10	Feb. 14	1979-80 High	1979-80 Low
AUSTRALIA Sydney All Ord. (1958/59)	905.18	910.72	919.66	947.47	947.47 (14/2/80)	545.72 (2/1/79)
Metals & Mins. (1958/59)	6180.57	6285.70	6287.44	6680.96	6680.96 (14/2/80)	2587.54 (2/1/79)
AUSTRIA Credit Aktien (2/1/62)	68.17	68.29	68.63	68.77	69.40 (7/1/80)	61.53 (2/5)
BELGIUM Belgian SE (31/12/63)	105.69	105.45	108.63	105.02	109.47 (6/10)	98.80 (5/1/79)
DENMARK Copenhagen SE (1/1/73)	80.94	81.04	81.33	81.38	97.46 (25/7)	80.04 (19/2/80)
FRANCE CAC General (29/12/61)	118.8	118.8	116.9	118.2	118.2 (14/2/80)	82.4 (19/2/79)
Ind Tendance (29/12/79)	108.8	108.7	108.7	108.2	109.7 (13/2/80)	95.8 (5/1/80)
GERMANY FAZ-Aktien (31/12/58)	255.99	254.79	256.05	257.07	265.50 (16/1/79)	218.11 (21/1/80)
Commerzbank (Dec. 1953)	(u)	(u)	741.6	745.0	836.90 (16/1/79)	698.6 (21/1/80)
HOLLAND ANP-CBS General (1970)	85.2	84.7	85.4	85.9	94.2 (24/1/79)	81.9 (21/1/80)
ANP-CBS Indust. (1970)	66.0	65.8	66.0	66.6	85.9 (24/1/79)	65.5 (21/1/80)
HONG KONG Hang Seng Bank (31/7/64)	(c)	(c)	955.17	961.21	963.15 (15/2/80)	495.83 (2/1/79)
ITALY Banca Comm. Ital (1972)	84.04	93.50	91.39	91.47	94.84 (19/2/80)	58.39 (2/1/79)
JAPAN Dow Average (16/5/49)	6763.09	6756.60	6827.71	6838.98	6838.98 (14/2/80)	5925.87 (18/4)
Tokyo New SE (4/1/68)	469.84	469.59	472.47	472.66	472.66 (14/2/80)	455.13 (13/7)
NORWAY Oslo SE (1/1/72)	146.59	145.27	143.47	144.70	144.70 (14/2/80)	74.46 (16/1/79)
SINGAPORE Straits Times (1966)	483.26	(c)	476.28	476.28	483.26 (19/2/80)	345.34 (23/2/79)
SOUTH AFRICA Gold (1958)	(u)	547.1	547.1	556.5	563.1 (11/2/80)	228.40 (17/4)
Industrial (1958)	(u)	510.0	515.0	517.4	517.2 (14/2/80)	270.50 (2/1/79)
SPAIN Madrid SE (28/12/79)	102.50	(c)	101.89	101.52	102.58 (18/2/80)	99.31 (15/1/80)
SWEDEN Jacobson & P. (1/1/58)	370.37	379.39	380.81	380.54	401.34 (6/2/79)	331.57 (24/8)
SWITZERLAND Swiss Bank Cp. (31/12/58)	316.2	315.7	316.5	317.0	329.10 (2/5)	294.80 (5/1/79)
WORLD Capital Intl. (1/1/70)	—	140.6	140.7	142.2	145.6 (15/2/80)	122.2 (1/3/79)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Woolmen still on strike

MELBOURNE—About 450 wool industry storemen employed here and in Sydney have decided to remain on strike, although their colleagues in other centres will return to work, Federal Storemen and Packers Union general secretary Simon Crean has said.

The striking storemen will be supported by a levy imposed on those who return to work, Mr. Crean added.

Mr. Crean said the Melbourne storemen will meet again on February 26 and those in Sydney on March 19 to reconsider their action.

Storemen returning to work will impose working restrictions in support of the dispute, including an overtime ban, he added.

An Australian Wool Corporation spokesman said wool sales, cancelled again this week by the dispute, are unlikely to resume before March.

The strike started about four weeks ago when the Australian wool selling brokers employers federation decided to appeal a wage award made to the men by the Arbitration Commission.

The Commission last week reduced the award to an $A8 increase on weekly rates from the earlier award of between $A12.50 and $A15.90.

The decision sparked further industrial action, including an immediate renewal of the strike by Sydney and Melbourne storemen who had resumed work pending the commission's judgment.

Reuter

Big crop forecast for Barbados sugar

By Tony Cozier in Barbados

IN SPITE of a shortage of labour, Barbados expects to produce its biggest sugar crop in recent years in 1980, according to the Sugar Producers Association.

Following favourable rainfall in 1979, the crop is expected to yield 125,000 tonnes compared with 101,000 tonnes last year and 95,000 tonnes in 1978.

Before the harvest began a fortnight ago, the Sugar Producers Association appealed for 3,000 workers to assist in the reaping and reported yesterday that over 800 were still needed, since factories are not operating at full capacity.

Speculative selling hits markets again

BY JOHN EDWARDS, COMMODITIES EDITOR

The re-opening of the U.S. commodity *futures* market after the one-day closure to mark Washington's birthday unleashed a new burst of speculative selling in both Britain and the U.S. Those markets with the highest speculative participation were hardest hit. World sugar prices slumped again. The London daily price for raw sugar was cut by £15 to £235 a tonne in the morning. On the futures market the May position dipped to £248 before rallying to close at £253.875 a tonne, still around £9.50 below the previous close. The market was unsettled by the prospect of further releases of special reserve stocks by the International Sugar Organisation, and announcements by several producing countries, including the Dominican Republic, that they were planning to start selling.

Natural rubber prices, which recorded sharp gains on Monday, moved in the opposite direction yesterday. The No. 1 R.S.S. spot price was cut by 5.25p to 79p a kilo. The futures market fell the permissible limit down. The April/June position eventually closed over 7p lower at 85.80p a kilo.

There was a sharp sell-off in the cocoa futures market too. After trading quietly at higher levels in the morning, the market was suddenly hit by a wave of speculative selling. As a result, the May position, which had reached £1,485 at one stage, fell back to close at £1,428 a tonne, £44.5 down on the previous day.

There was a similar pattern in copper on the London Metal Exchange. The market opened on a firm note, but later came back sharply as New York prices fell the permissible limit of 5 cents down. Cash wirebars closed £36.5 down at £1,270 a tonne after having ended the morning session at £1,323. Values fell further in late kerb trading as selling pressure continued.

One cause of the selling was news that workers at the Toquepala mine in Peru had decided not to go on strike, as originally planned this week, although it was later announced they would back a general strike being called.

But the main reason appears to have been a general decision by speculators, influenced by the downward trend in precious metals, that commodity prices have been pushed too high in recent months and the time is ripe for profit-taking.

Copper pact talks urged

GENEVA — Peru urged here that a conference should be convened to negotiate an international copper agreement. But Canada and Japan said this would be premature because they were not convinced the proposed accord would bring the desired results.

The nations were discussing proposals at a five-day, 40-nation group meeting under the auspices of the UN Conference on Trade and Development (UNCTAD) for a three-stage approach to an international copper pact spread over six years.

The proposals were put forward by the meeting's chairman, Sirman Widiatmo of Indonesia.

Discussions on methods of bringing copper supply and demand into balance have been discussed for nearly four years under Unctad auspices.

The discussions are part of an Unctad integrated programme for drafting stabilisation agreements for leading commodities, to protect export earnings of Third World producers.

Under Mr. Widiatmo's proposals, the first of three proposed stages would set up machinery for systematic consultations and data collection.

The second stage would introduce international stocking systems, and the third would include supply management or supply rationalisation.

Mexico said the group possessed all the technical details it needed to convene a conference. Zambia, a major producer, said it backed the chairman's proposals. Norway, Sweden and Finland also declared their support.

Chile, another leading copper producer, *said it agreed with the* first step of the chairman's three-stage approach but guidelines on the essentials of the pact would have to exist *before* a negotiating conference was convened.

Hungary, as a consumer, said prior agreement on important issues would be necessary before proceeding to a conference.

China described the chairman's proposals as positive and constructive, but added that they would have to be revised in some ways.

● Another round of U.S. copper price cuts started yesterday. As some producers were still reducing their domestic selling prices from the all-time peak of 145 cents a pound, others announced *further cuts to 135 cents.*

Bank sees strong silver demand

By John Wicks in Zurich

DEMAND FOR silver is again likely to exceed supply this year, according to a study published by Credit Suisse in Zurich. The bank expects the supply deficit to be about 10m oz, as compared with 30m oz in 1979.

Mine output of silver is seen as rising slightly in 1980 to around 280m oz, as against 272m oz last year and 262m oz in 1978. Scrap production, however, which fell from 168m oz in 1978 to 158m oz in 1979, is expected to fall further to 148m oz.

Industrial demand is estimated at 405m oz this year and coinage 33m oz.

While both these figures are down on the respective consumption totals of 425m oz and 35m oz calculated for 1979, they still exceed the production total.

Credit Suisse says it seems unlikely that there will be a repeat of last year's unprecedented boom. The price is seen as having reached a level which makes it sensitive to profit-taking.

The market is said to be increasingly dependent on large-scale purchasers for whom such outside factors as political developments, the oil market, inflation prospects and alternative investments are important. Therefore, the bank believes that a calming down in the hectic market conditions for silver is hardly to be expected in the foreseeable future.

USSR charterers seek grain ships

Soviet charterers have entered the London *freight* market looking for bulk carriers of 25,000-50,000 tons on timecharter to carry grain from Argentina to both the Baltic and Black Sea coasts of the USSR in early March, shipping brokers said.

The Soviet Union also has requirements for similar vessels in the Far East in March to load Australian grain.

Market spokesmen say several vessels have already been booked for the Australian business, but details have been withheld.

This is in sharp contrast to broker's predictions immediately following the U.S. embargo on grain to the Soviet Union that vessels already on timecharter to Soviet charterers would be thrown back on to the market and lead to drastic rate declines.

In the event, rates initially fell about $2 per ton for transatlantic grain, but have now recovered to levels ruling before the embargo. The latest Soviet move might well bring about a further strengthening in rates.

The Australian Government plans to review its grain sales to the Soviet Union in May. Senator Doug Scott, Minister for Special Trade Representations, told the Australian Parliament.

He said the review would be made about two months before delivery ended in July of existing grain contract, representing 2.26m tonnes. "There are no embargoes on grain sales to the Soviet Union," he added.

Mr. Scott noted there had been no change in the Australian Government's undertaking not to replace any of the 17m tonnes of grain withdrawn from sale to the Soviet Union by the U.S.

In Tokyo, the Japanese Ministry of Agriculture Forestry and Fisheries has asked three leading Japanese trading houses to buy 700,000 tonnes of extra U.S. grain to show Japan's support for the U.S. ban on grain shipments to the Soviet Union.

Minister Kabun Muto said the Japanese Government will be able to buy 300,000 tonnes of extra U.S. grain.

CALIFORNIA TOMATOES

Mechanisation may spell the end for small producers

BY MARK BLACKBURN IN SAN FRANCISCO

THE U.S. tomato-processing industry is on the verge of a rationalisation which some observers believe could eliminate all independent canners and the growers who supply them.

Together the small canners and their suppliers represent about 15 per cent of an industry which produces such staples of the American diet as tomato soup, ketchup and spaghetti sauce, as well as canned tomatoes. Their colective losses are expected to reach about $200m (£87.09m) in 1979.

The reason for their threatened elimination is the ever-increasing productivity of *an industry* for whose product domestic demand has levelled off. Although dominated by multi-national corporations like H. J. Heinz, the U.S. market is self-contained and little is either imported or exported.

With foreign markets thus virtually sealed off, unlike those for wheat and cotton, marginal producers have little choice but to abandon *the* growing and processing of tomatoes.

For the time being, many are hanging on, hoping that a crop failure will make their output needed. But times have changed. "I would say most of them are going to be out in a year," says Eric Thor, an agricultural economist at the University of California at Berkeley.

California produces about 85 per cent of the processing tomatoes grown in America, and they are one of that state's top 10 crops in terms of value. Last year about $2,300m changed hands in the industry as a whole.

In spite of the large sums of money involved, no more than 700 farmers raise the California crop and harvest it with the aid of mechanical harvesters which have emptied the fields of hordes of largely Mexican pickers.

The harvester was developed by the University of California along with a thick-skinned tomato which can survive machine-picking. The two were developed together: *neither* is possible without the other.

However, it is not machine harvesting but the prolific and reliable nature of the harvest, thanks to the new breed of tomato, which has made some growers excess to requirements.

Those who are forced out of business will be left with perhaps $500,000 of specialised and—domestically, at least—unsaleable equipment on their hands, including harvesters for which farmers have usually paid about $150,000 each. The rationalisation of the industry will also leave it firmly in the hands of the multi-national corporations and of farmers' co-operatives.

Although the trend seems irresistible, resistance has come from a public-interest lawsuit by a group called California Rural Legal Assistance. This body was instrumental in securing passage of a state law that allowed Cesar Chavez's United *Farmworkers* to take organisation of field labour away from the Teamsters Union.

The suit, aimed at preserving farmworkers' jobs which the machine harvesters have abolished, accuses the University of California of acting against the public interest in developing such machines. Should the farmworkers prevail, the university could be obliged to halt dozens of projects aimed at mechanising the currently labour-intensive harvest of lettuce, grapes and other commodities. Ultimately, such projects would eliminate the need for seasonal workers altogether.

Any court decision is at least a year off, however, and the suit must first survive a hearing set for January 23 to determine if it should be allowed to go ahead.

In the meantime, the principles on which it rests have *received* a boost from the U.S. Secretary of Agriculture, Mr. Robert Bergland. On a recent visit to California, Mr. Bergland said his department would no longer help to fund the development of machines which, like the tomato harvester, eliminate large numbers of jobs.

Although the Agriculture Department is only a minor source of such funds for the University of California, Mr. Bergland's altering of the federal course gives the challenge to mechanisation a stature which it had not had before.

The anticipated failure of small canners and growers over the year ahead may further enhance *the prospects* of a *suit* whose outcome now seems uncertain.

State aid for Danish farmers

BY HILARY BARNES IN COPENHAGEN

THE Danish Government yesterday announced a plan to provide *financial assistance* to farmers whose heavy indebtedness is forcing them into bankruptcy.

A Minister of Agriculture, Poul Dalsager, said that the State *will* provide guarantees for 80 per cent of loans up to DKr 500,000 (£40,000), within a total framework of DKr 700m.

He said that between 1,000 and 2,000 farmers are expected to utilise the scheme.

The offer will *only* apply to farmers who have either set up in 1974 or since, or who have made heavy investments in agricultural building in the same period.

Rapidly rising *costs combined* with only small increases in prices, have put a severe squeeze on the Danish farmers, who are also badly affected by Denmark's traditionally high interest rates. The *official* discount rate went *up* from 11 per cent to 13 per cent on Monday, bringing effective interest rates on both long and short term loans to 18 to 19 per cent.

Although the government devalued the Krone on November 30 by 5 per cent, it recouped most of the gains which the farmers had expected by imposing a special land tax *on the farmers.* In addition, changed wealth taxes mean many farmers, though not those who will be eligible for the new government guarantees, will find themselves with tax bills in excess of income.

Mr. Dalsager said yesterday that employment and export considerations made it essential that livestock production was maintained. It was therefore desirable to give farmers in financial trouble an opportunity to consolidate their financial position.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell heavily on the London *Metal Exchange. Forward* metal opened at £1,330 and moved up to £1,343 during *the morning as speculative buying* easily met modest trade selling. However, a sharp fall on Comex, which later went limit-down, brought out heavy speculative selling which in turn touched off heavy stop-loss selling and depressed forward metal to £1,280 prior to a close on the late Kerb of £1,285. During the late inter-office trading the *price fell further to around £1,275.* Turnover: 33,500 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1321-5	+18	1269.71	–36.5
3 months	1336-7	+11	1287-8	–37
Settlem't	1323	+18	—	......
Cathodes				
Cash	1255-60	—1	1217.22	–39
3 months	1289-90	—1	1253.5	–39
Settlem't	1260	......	—	......
U.S. Prod	—	......	*138-46	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,325, three months £1,335, 34, 33, 35, 36, 38, 39, 40, 39, 41, 40, 39, 38, 37. Cathodes, cash £1,260, three months £1,295, 92, 90. Kerb: Wirebars, three months £1,332, 31, 30, 28, 29, 30, 29, 28. Afternoon: Wirebars, three months £1,295, 90, 92, 95, 93, 92, 90, 91, 90, 83, 82, 80, 82, 84, 85, 86, 88, 89, 90, 86, 85, 88, 90, 92, 91, 88, 89, 90, 89, 88, 87, 88, 87, 88, 87, 88, 88, 88. Cathodes, three months £1,255. Kerb: Wirebars, three months £1,290, 89, 90, 92, 91, 90, 89, 87, 86, 85.

TIN—Moved up following a rise at Penang and reflecting Commission House and stop-loss buying. Forward metal opened at £7,520 and eased during the morning to touch £7,500 owing to *hedge selling.* However, *in the* afternoon a downturn in sterling, coupled with the U.S. buying on the Kerb *lifted* the price to around £7,640 at the close. Turnover: 725 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7410-20	–10	7460-70	+65
3 months	7510-30	+10	7570-85	+77.5
Settlem't	7420	–10	—	......
Standard				
Cash	7410-20	–10	7460-70	+65
3 months	7510-20	+10	7570-6	+77.5
Settlem't	7420	–10	—	......
Straits E.	†32827	+15	—	......
NewYork	—	......		......

Morning: Standard, cash £7,410, three months £7,510. High Grade, cash £7,410. Kerb: Standard, three months £7,500, 10. Afternoon: Standard, three months £7,550, 70, 60, 70, 80, 70. Kerb: Standard, three months £7,590, 7,600, 10, 30, 50, 70, 40, 20, 40.

LEAD—Down along with other metals. After trading at £501 on the pre-market forward metal fell away in line with copper to touch the day's low of £484.5 before closing the late Kerb at £488.5. Turnover: 10,525 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	503.5-4.5	–2.5	493-9	–3
3 months	496-7	–1	491-2	–2
S'ment	504.5	–2.5	—	......
U.S. Spot	—	......	*50	......

Morning. Cash £504, 5, three months £498, 97, 96, 97. Kerb: Three months £496, 95, 96. Afternoon: Cash £498, three months £488, 87, 85, 89, 90, 91, 92, 91. Kerb: Three months £493, 95, 93, 92, 91, 90, 89, 88, 89.

ZINC—Lost ground. Forward metal moved up on the pre-market to touch £410 following fresh buying but thereafter came under pressure owing to the general decline in other metals to close the late Kerb at the day's low at £388.5. Turnover: 7,950 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	391-3	–1	379.5-80.5	–11
3 months	402-3	–1	389.5-90.5	–12.5
S'ment	393	–1	—	......
Primw'ts	—	......	*37.5	......

Morning: Three months £403, 6, 7, 6, 7, 5, 4, 3, 2, 3. Kerb: Three months £401. Afternoon: Three months £395, 93, 90, 92, 91, 89, 88, 90, 89, 90, 91, 90, 89. Kerb: Three months £390, 88, 87, 89.5, 90, 89.5, 88.

ALUMINIUM—*Easier,* *reflecting* the sharp decline in copper. Forward metal held steady around the £950 level for most of the morning but fell back to £939 in the afternoon before closing the late Kerb at £940. Turnover: 11,825 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	938-40	+8	932-4	–6
3 months	950-1	+8	944-5	–3

Morning: Three months £948, 49, 50, 51, 52, 54, 53, 51. Kerb: Three months £951. Afternoon: Three months £945, 44, 45, 47, 48, 49, 48, 47, 46, 45, 44. Kerb: Three months £941, 42, 43, 42, 40, 41, 40, 39, 40.

NICKEL—Barely changed in quiet trading with forward metal £3,135 on the late Kerb after extremes of £3,150 and £3,125. Turnover: 528 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3000-20	–5	3015-25	–5
3 months	3155-40	+10	3135-38	–12.5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £3,150, 40, 45, 50, 45, 35. Kerb: Three months £3,135. Afternoon: Three months £3,140, 30, 25, 35, 30. Kerb: Three months £3,135.

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SILVER

Silver was fixed 5.95p an ounce lower for spot delivery in the London bullion market yesterday at £15.5145. U.S. cent equivalents of the fixing levels were: spot $35.35, *down 40c;* three-month $35.824, down 41.6c six-month $35.711, *down* 48.3c; and 12-month $35.288, down 45.9c. The metal opened £15.30-15.55 ($35-35.50) and fell to £14.40-14.75 ($32.75-33.50) at the close.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	1551.45p	–5.95	1460.0p	–87.5
3 months	1581.5p	–8.7	1499.5p	–85
6 months	1581.5p	–11.7	—	......
12months	1571.6p	–11.7	—	......

LME—Turnover 294 (136) lots of 10,000 ozs. Morning: Cash 1585, 75, 70, three months 1595, 1600, 1595, 99, 95, 1600, 02, 1595. Kerbs: Three months 1580, 76. *Afternoon:* Three months 1540, 30, 40, 20, 10, 20, 15, 12, 07, 1490, 95, 1500, 1495, 90, 95. Kerbs: Three months 1495, 90, 1500, 1490, 80, 70.

COCOA

Although a little steadier at the opening futures plunged sharply during the afternoon session and closed at the lows some £50 below Monday evening. Producers were looking to sell at levels only marginally above the highs of the day, but on the decline some consumer interest was renewed for both *cocoa beans* and *products, reports* Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1412-15	–38.0	1463-10
May	1427-30	–44.5	1485-25
July	1438-40	–50.0	1501-438
Sep	1456-57	–46.0	1513-450
Dec	1590-84	–41.0	1542-485
March	1510-12	–45.0	1560-15
May	1530-40	–37.5	—

Sales: 9,047 (1,044) lots of 10 tonnes.

International Cocoa Organisation: Prices unavailable due to Tuesday's U.S. holiday.

COFFEE

London coffee futures opened slightly higher in mixed dealings and thin volume before consolidating in the recent price *range during* an exceptionally quiet morning session. Despite some erratic fluctuations in the "C" Contract market London failed to react and remained fixed in a £5 range throughout a disappointing afternoon and prices at the close were £8-£20 higher on the day, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1401-02	+8.0	1404-79
May	1532-34	+9.5	1534-28
July	1553-55	+8.0	1555-47
Sept	1579-80	+11.0	1581-70
Nov	1582-85	+9.5	1585-75
January	1570-80	+15.0	1570
March	1564-75	+19.5	—

Sales: 2,743 (3,209) lots of 5 tonnes.

ICS Indicator prices for Feb. 18: Unavailable due to Tuesday's U.S. holiday.

GRAINS

LONDON GRAIN FUTURES — The market opened 25p lower on old crops and values eased quickly on heavy selling pressure on a good volume being traded on spreads but closed weak on both wheat and barley. New *crops saw fairly good support and* closed about steady, reports Acli.

Mnth	WHEAT Yest'rdays close	+ or —	BARLEY Yest'rday close	+ or —
Mar.	93.50	–1.15	94.55	–0.30
May.	100.15	–1.10	99.10	–0.55
Sept.	85.10	–0.15	92.75	–0.10
Nov.	99.05	—	86.85	......
Jan.	108.90	+0.05	100.75	+0.10

Business done—Wheat: March 96.45-95.50, May 100.90-100.15, Sept. 95.30-95.10, Nov. 99.10-98.95, Jan. 102.90-102.85. Sales: 456 lots of 100 tonnes. Barley: March 94.90-94.55, May 99.30-99.00, Sept. 92.80-92.70, Nov. 96.95-96.75, Jan. 100.80-100.65. Sales: 438 lots of 100 tonnes.

Imported—Wheat: U.S. Dark Northern Spring No. 2 14 per cent February 96.25, March 97.75 transhipment East Coast. U.S. Hard Winter 13½ per cent February 93.25, March 94.50 transhipment *East Coast. Maize:* U.S./French February 116.25, March 117 transhipment East Coast. Barley: English Feed fob February 99.50, March 101.50, April 103.50, April/June unquoted. Rest unquoted.

HGCA—Location ex-farm spot prices. Feed *Barley: S. East* 94.70, S. West 94.40, W. Midlands 93.90, N West 95.80.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo: May 395, 400, 400-396, 7; Aug. 410, 411, 410, 5; Oct. 413, 415, 416-415, 6; Dec. 415, 417, 419, 5; Jan. oil: May 420, 428, nil, nil; Aug. 422, 430, nil, nil. Sales 25.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. March 476.0, 479.0, 485.0-477.0, 41; May 500.5, 501.0, 504.0-500.1, 105; July 525.0, 526.0, 530.0-519.0, 770; Oct. 523.0, 524.0, 525.0-520.0, 148; Dec. 523.0, 523.5, 525.0-530.0, 199; March 523.0, 523.5, 526.0-520.5, 36; May 523.5, 525.0, 526.0-523.0, 22; July 524.0, 527.0, 527.0-525.0, 27. Sales 1,348.

RUBBER

The London physical market opened slightly easier, with many speculators liquidating terminal positions throughout the day, and closed on a weak note. Lewis and Peat reported a Malaysian godown price of 381 nom. cents a kg (buyer, March).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Mar.	80.00-81.00	88.30-87.00	—
Apr.	82.00-85.00	90.05-91.00	—
Apr-Jne	85.70-85.90	92.55-93.00	92.10-86.00
Jly-Sept	90.50-90.60	96.90-96.20	98.00-87.50
Oct-Dec	95.10-95.55	98.90-99.00	98.90-95.10
Jan-Mar	94.75-94.30	100.95-100.9	100.25-05.00
Apr-Jne	96.60-97.00	102.95-100.9	102.1-100.40
Jly-Sept	98.50-98.55	104.85-104.8	104.10-99.50
Oct-Dec	100.75-00.8	106.60-106.7	105.0-100.85

Sales: 1,195 (716) at 15 tonnes.

Physical closing prices (buyer) were Spot 79.00p (84.25p). March 79.00p (84.00p): April 81.00p (85.00p).

SOYABEAN MEAL

The London market opened around unchanged and remained thin and quiet all day, reports T. G. Reddick. Despite a weaker sterling, prices remained unaffected and the market closed at opening levels.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	112.00-17.0	–0.45	115.50
April	111.80-12.0	–0.20	112.00
June	111.80-12.0	......	112.40-12.00
August	113.90-14.0	–0.05	114.30-14.00
October	113.70-14.0	–0.05	—
December	116.80-17.2	–0.35	117.10
February	110.50-19.5	–0.85	119.50

Sales: 27 (9) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £235.00 (£250.00) a tonne cif for Feb.-March-April shipment. White sugar daily price was £252.00 (£277.00).

Reports that the Dominican Republic was inviting bids for their special stocks release of 63,503 tonnes produced a *sharply* lower opening. May fell to £248 before support was uncovered and prices recovered £10.00. Thereafter buyers/sellers appeared well matched in good two-way trading conditions, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	243.75-244.0	250.00-52.00	245.00-241.5
May	253.75-254.0	262.50-62.40	258.00-248.0
Aug	258.50-257.0	263.50-64.00	260.00-252.5
Oct	258.25-258.7	265.95-65.00	260.50-255.0

Sales: 8,504 (9,762) lots of 50 tonnes.

No. 4 CONTRACT—Close (in order buyer, seller only). May 257.00, 259.00; Aug. 258.50, 263.00; Oct. 260.00, 263.00; Jan. 240.00, 257.00; March 259.00, 261.25; May 259.00, 261.25. Sales: 156 (1,096).

Tate and Lyle ex-refinery price for granulated basis white sugar was £319.70 (same) a tonne for home trade and £318.50 (£344.50) for export.

International Sugar Agreement. Prices unavailable due to Tuesday's U.S. holiday.

JUTE

JUTE—February/March C and F Dundee: BWC £221, BWD £190, BTB £272, BTC £240, BTD £208. C and F Antwerp February/March: BWC $491, *BWD $421,* BTB $610; BTC $521, BTD $452. Jute goods February C and F Dundee: 40 in 10 oz £15.74, 40 in 7.5 oz £12.06. "B" Twills £33.87. Hessians nominal prices only in view of the imposition of export duty of RS 1,000 per tonne.

*

GRIMSBY FISH—Supply good, demand poor. Prices at ship's side (unprocessed) per stone: Shell cod £3.30-£4.00, codlings £2.20-£2.50; Large haddock £3.00-£4.20, medium £3.00-£4.00; Large plaice £3.30-3.70, medium £3.00-£3.30, best small £3.00-£3.30; Skinned dogfish £9.50; Lemon soles £9.50; Rockfish £2.50; Reds £1.70-£2.10; Saithe £2.30-£2.60.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 19 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£770/810
Free Mkt (as)	$2180/2200	......	$1850/195
Copper			
Cash w'bar	£1,270	–36.5	£1,213
3 mths	£1,287.5	–37	£1,220
Cash Cathode	£1,218.5	–39	£1,178.5
3 mths	£1,253.5	–39	£1,198
Gold troy oz	$648.5	–14	$690
Lead cash	£498.5	–3	£406
3 mths	£491.5	–2	£489.5
Nickel	£3,195.78	......	£3,195.78
Free mkt (c) (lb)	305/330c	......	300/320c
Platin'mtr'y oz	£198.0	......	£189
Free mkt	£384.95	–6.60	£368.40
Quicksil'ver†	$400/410	......	$380/410
Silver troy oz	1551.45p	–5.95	1821.80p
3 months	1581.5p	–8.7	1840p
Tin Cash	£7,465	+65	£7,615
3 mths	£7,572.5	+77.5	£7,505
Tungsten22.04lb	$139.72	......	$138
Wolfrm 22.04 lb	$139/144	......	$140/144
Zinc cash	£380	–11	£339
3 months	£390	–12.5	£354.5
Producers	$885	......	$780/825
Oils			
Coconut (Phil)	$840r	–5	$925
Groundnut	‡	......	‡
Linseed Crude	£446	......	‡
Palm Malayan	$670x	–5	‡
Seeds			
Copra Philip	$550r	......	$610
Soyabean(U.S.)	$291.20r	......	$884.85
Grains			
Barley Futures	£88.10	–0.55	£95.70
Maize			
French No3AM	£116.25	......	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£93.25	......	£94.25
Eng. Milling	‡	......	‡
Other commodities			
Cocoa ship't	£1,465	–37	£1,493
Future May	£1,428	–44.5	£1,481.5
CoffeeFt'r May	£1,533	+9.5	£1,521.5
Cotton A.Index	96.55c	–1.10	88.30c
Rubber (kilo)	79p	–5.25	80.50p
Sugar (Raw)	£235	–15	£193
Woolt'ps 64s kl	206p kilo	......	284p kilo

r March. s June. v Feb.-March. t March-April. u April. w May. x July. z Indicator. § Buyer. † Per 76 lb flask. * Nominal.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 30 tonnes bringing the total for the week so far to 375 tonnes. A sudden drop in demand caused limited operations and no more than retail buying. Activity ranged over certain North American supplies, with occasional support in Turkish styles.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on February 19. GB cattle 79.55p per kg lw (−0.17). UK sheep 169.0p per kg est dcw (+7.3). GB pigs 63.6p per kg lw (−1.31).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire hindquarters 68.0 to 72.0, forequarters 47.0 to 50.0. Veal: English fats 74.0 to 83.0; Dutch hinds and ends 98.0 to 104.0. Lamb: English small 54.0 to 62.0, *small 56.0, medium 50.0 to 60.0, heavy 40.0 to 55.0; Scotch medium 50.0 to 58.0, heavy 40.0 to 56.0. Imported frozen: NZ PL new season 53.5 to 54.0, PM new season 51.0 to 52.0. Pork: English, under 100 lb 40.0 to 49.0, 100-120 lb 38.0 to 48.0, 120-160 lb 36.0 to 44.0. * Special quotation—Very high quality produce in limited supply.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported produce: Oranges—Spania: Navel 3.50-4.30; Jaffa: Navels/ *Shamouti 50/189's 3.75-5.50; Moroccan:* 64/11's 3.50-3.80. Satsumas—Spania: 95/199's 3.40-4.20. *Clementines*—Spania: 4.50-5.50. Lemons—Italian: 100/150's 4.50; Cyprus: 11-kg 84/120's 3.00-4.40; Greek: 4.80-5.00; Spanish: Trays 1.50-1.70. Grapefruit—Cyprus: 20-kg 3.10-4.40; Jaffa: Large boxes 32/88's 3.80-4.80; Florida: Pink flesh 36/48's 4.20-4.80. Apples—French: *Golden Delicious,* boxes 40-lb 138/175 3.60-5.00, 20-lb 1.80-2.40; Granny Smith 20-lb 2.40-3.00, 40-lb 4.50-6.00, Starkcrimson, applex, 20-lb 72's 2.50; 40-lb 5.60-6.50; Hungarian: Starking 40-lb 138's 6.30. Italian: Granny Smith 20-lb, per pound 0.13-0.15, Jonathan 0.08½, Starking 0.12, Golden Delicious 0.09; Spanish: Starkcrimson 5.00-5.50. Grapes—*Californian:* Red Emperor, per pound 0.50-0.55; S. African: Queen of the Vineyard 7.00, Ben Hannah 6.80, Alphonse 7.50, Waltham Cross 8.00; Spanish: Almeria 3.50. *Plums*—S. *African:* Gaviotas 0.38-0.45, Wickson 0.40-0.50, Eldorado 0.40-0.45. Ortaniques—*Jamaican:* 54/120's 6.30-7.50. Avocados—Israeli: 4.00-4.50. Melons—Spanish: 10-kg Green 9/11's 7.00, S. African: 10-kg White 6.50, Ecuador: White 4.50. Pineapples—*Ivory Coast. Each 12's 0.50-0.60, 5's* 1.00-1.10, S. African: 6/9's 2.50-2.70. Onions—Spanish: 4.50-6.00; Dutch: 3.00; Canadian: 50-lb 3.80. Tomatoes—Canary: 2.80-5.00. Bananas—Jamaican: 26-lb 0.18. Lettuce—Dutch: 24's 2.80. French: 1.20. Cucumbers—Canary: 14/18's 3.80-4.20. *Capsicums*—Canary: Per pound 0.32-0.35; Cuban: 0.30.

AMERICAN MARKETS

NEW YORK, February 19.

THE RAISING of the discount rate continued to have its affect on the market. Limit declines in gold, silver, copper, cotton, *sugar* and *cocoa* were the typical reaction to the restrictive move by the *restrictive move* by the Federal Reserve. The one single exception was coffee, where producer support led to major gains. Grains and soyabeans sold off sharply as commercial interests became the best sellers. The pork complex headed lower on lack of support from products while the cattle complex scored good gains on chart and technical *buying, reported Heinold.*

Potatoes (round whites)—March 53.6 (53.5), April 55.5-55.6 (55.5), May 65.3-65.6, Nov. 76.7-76.9. Sales: 683.

¶Silver—Feb. 3050.0-3100.0 (3580.0), March 3500.0 (3600.0), April 3540.0, May 3585.0, July 3655.0, Sept. 3725.0, Dec. 3802.0, Jan. 3828.0, March 3878.0, May 3928.0, July 3978.0, Sept. 4028.0, Dec. 4098.0. Sales: 5,000. Handy and Harman bullion spot 3325.00 (3465.00).

Sugar—No. 11: March 21.50-21.85 (25.44), May 25.80 (26.80), July 26.65, *Sept.* 27.04, Oct. 26.99, Jan. 26.80, March 26.97, May 26.70, July 26.55. Sales: 8,355.

Tin—805.00-807.00 asked (800.00-807.00).

CHICAGO, February 19.

Lard—Chicago loose 19.75. New York prime steam 21.25.

Live Cattle—Feb. 68.70-68.90 (68.52), April 71.35-71.25 (70.65), June 73.20-73.35, Aug. 72.70-73.00, Oct. 71.75-71.80, Dec. 73.00-73.10, Feb. 72.75-73.10.

Live Hogs—Feb. 38.15-38.10 (38.40), April 37.45-37.35 (37.60), June 40.80-40.85, July 41.75-41.70, Aug. 41.55-41.45, Oct. 41.00-40.90, Dec. 43.40, Feb. 45.80, April 45.12.

‡‡Maize—March 269¾-269½ (272¾), May 282½-282¾ (285½), July 294-293¾, Sept. 302½, Dec. 311-311½, March 322.

Pork Bellies—Feb. 39.15-39.10 (39.60), March 39.25-39.40 (39.80), May 40.45-40.50, July 42.05, Aug. 41.70-41.60, Feb. 51.70, March 52.10, May ——, July ——, Aug ——.

Silver—Feb. 4100.0 (3575.0), March 3545.0 (1505.0), April 3570.0, June 3626.0, Aug. 3675.0, Oct. 3724.0, Dec. 3773.0, Feb. 3824.0, April 3870.0, June 3924.0, Aug. 3974.0, Oct. 4024.0, Dec. 4074.0, Feb. 4124.0, April 4174.0, June 4224.0, Aug. 4274.0.

†Soyabeans—March 639-638 (654½), *May* 663-662 (676½), July 685½-685, Aug. 694, Sept. 702½, Nov. 714½-714¾, Jan. 732-732½, March 750½.

‖Soyabean Meal—March 176.20-176.40 (179.30), May 182.30-182.20 (185.00), July 187.80-187.90, Aug. 190.80, Sept. 193.70-194.00, Oct. 196.00-196.50, Dec. 200.00, Jan. 202.00, March 207.50.

Soyabean Oil — March 22.80-22.76 (22.27), *May* 23.40-23.36 (23.87), July 23.90-23.85, Aug. 24.15, Sept. 24.40, Oct. 24.65-24.55, Dec. 24.90, Jan. 25.00, March 25.25-25.30, May 25.60-25.55.

†Wheat—March 440-439½ (446¼), May 452-452½ (459¼), July 457½-458, Sept. 469½-470, Dec. 486¼-487, March 503.

WINNIPEG, February 19. §Barley—March 111.60 (112.90), May 114.00 (114.30), July 113.90, Oct. 110.20, Dec. 109.50.

Wheat—SCWRS 13.5 p. [illegible]

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 229.45 (231.25).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. ft. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, February 19.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, Feb. $196, March $198. U.S. Hard Winter ordinary unquoted. U.S. *No. 2 Red Winter Feb.* $195, March $197. U.S. No. 2 Northern Spring, 14 per cent, Feb. $203, March $206, April-May $196, May-June $196, June-July $199, July-Aug. $201.

Maize—U.S. No. 3 Corn Yellow afloat $130, Feb. $130, March $134, April-June $140, July-Sept. $145.50, Oct.-Dec. $169 sellers, March $132.75-$133 traded.

Soyabeans—U.S. Two Yellow Gulfports Feb. $267, March $269, April $274.75, May $277.50, June $284.50, July $288.25, Aug. $290, Sept. $292.75, Oct. $295, Nov. $294, Dec. $300.75, Jan. $304.50, Feb. $312, March $312.75 sellers. Brazil Yellow Faq. unquoted. Argentine May $277, June-July $280.50, July $283, Aug. $285.

Soyameal—44 per cent protein U.S. afloat $238.50, Feb. $237.50, March-April-May-June $237, April-Sept. $240, Nov.-March $256. Brazil Pellets Feb. $254, March $244, April-May $241, April-Sept. $246.50.

PARIS, February 19.

Cocoa (FFr per 100 kilos)—March 1300-1320, May 1322, July unquoted, Sept. 1368, Dec. 1370, *March* 1365-1380. Sales at call 3.

Sugar (FFr per 100 kilos)—May 2312-2316, July 2315-2330, Aug. 2330-2340, Oct. 2340-2350, Nov. 2340, Dec. 2375-2385, March 2335-2410, May 2395-24.30. Sales at call 33.

INDICES

FINANCIAL TIMES

Feb. 18	Feb. 15	M'nth ago	Year ago
308.70	309.28	305.55	268.03

(Base: July 1, 1952=100)

MOODY'S

Feb. 15	Feb. 14	M'nth ago	Year ago
1447.5	1459.7	1513.8	1045.7

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 15	Feb. 14	Month ago	Year ago
Spot	459.71	467.30	426.66	382.56
F'tur's	468.04	470.82	435.70	381.05

(Average 1924-25-26=100)

REUTERS

Feb. 19	Feb. 18	M'nth ago	Year ago
1799.6	1821.2	1767.6	1546.0

(Base: September 18, 1931=100)

Leading equities unable to hold early gains and index closes slightly lower—Gilts retreat after firm start

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Feb. 11	Feb. 21	Feb. 22	Mar 3
Feb. 25	Mar. 6	Mar. 7	Mar. 17

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Dealers in leading shares were hopeful early yesterday that some follow-through would emerge to the small investment demand which sprang up late on Monday. They also took a slightly less pessimistic view of the UK industrial situation and accordingly opened prices some pence higher. For similar reasons, the market in Gilt-edged securities began firmly.

Investors decided to hold off for most of the session, however, and a few sellers began to appear in a subdued trade despite the Chancellor's optimism about the chances of a fall in interest rates. ICI were singled out by profit-takers after Monday's good rise and the setback here of 5 to 395p tended to affect sentiment in other leading shares.

Isolated pockets of speculative activity relieved an otherwise tedious market session and, once again, the Oil sector attracted an above-average interest with Burmah and Ultramar the main targets of attention. The FT 30-share index reflected yesterday's change in the trading pattern, being 3.6 up at 10.00 am and unchanged at 3.00 pm before closing a net 1.2 down at 461.8.

British Funds initially shrugged off recent anxieties about the upward pressures on U.S. interest rates and picked up the previous evening's firmer trend. Sir Geoffrey Howe's comments on domestic interest rates encouraged some investment support but thoughts later returned to the U.S. and reports, later confirmed, of a rise in Prime rates to 15¾ per cent aroused new uncertainty.

Longer-dated stocks had gains ranging to about ⅝ pared to meagre amounts after the official close of trade. The shorts, which initially benefited from demand emanating from Building Societies and other sources, were sometimes ¼ higher at 3.30 pm, but were also looking suspect late in the day.

Recent events in the Rhodesia political scene continued to impart easiness to Southern Rhodesian bonds and the 2½ per cent 1965-70 issue lost 3 more to £110.

Interest in Traded options remained at a low ebb by recent standards although the 498 contracts completed outnumbered Monday's total by more than 40 per cent; last week's daily average was 1,261. Marks and Spencer attracted a useful business, recording 152 deals, while RTZ were also active with 86.

Discounts easier

Discount houses gave ground in the absence of buyers with Union 15 cheaper at 375p and Alexanders 7 off at 203p. Clive and King and Shaxson eased 2 apiece to 73p and 69p respectively, while Allen Harvey and Ross shed 5 to 335p. Marked higher at the outset, the major clearing banks usually reverted to overnight levels in sparse trading. Lloyds finished 3 cheaper at 305p awaiting Friday's preliminary results.

Insurances recovered from an easier opening to close virtually unchanged on balance.

Firm at the outset, leading Breweries resisted the easier trend elsewhere in equities and closed around the day's best. Bass added 2 to 209p and Whitbread were particularly good, ending 4 better at 134p. Press comment directed interest towards Greenall Whitley, 3 up at 169p. Among regional issues, Matthew Brown rose 5 to 143p and Vaux hardened a penny to 151p, the latter despite cautionary comment about the company's sale of its Scottish interests to Allied Breweries.

Building descriptions displayed a couple of firm spots in Marchwiel, which responded to the better-than-expected annual results and property revaluation with a gain of 6 to 88p, after 90p, and Montague L. Meyer, up 5 to 99p on revived speculative demand. Five Oaks put on 2½ to 18p; Mr. Peter Bennett has increased his stake in the company to just over 8 per cent. Elsewhere, Armitage Shanks hardened a penny to 101p, while bidders Blue Circle eased 4 to 300p; Ceramics, which has stated that it does not intend to bid for Armitage, further increased its stake in the latter to 28.6 per cent. Streeters of Godalming attracted support and added 2 to 20p, while Vibroplant firmed 7 to 275p, the latter in a thin market. Brown and Jackson, however, met small selling and shed 5 to 205p and SGB eased 3 to 243p.

ICI touched 406p in early dealings, but drifted back in the absence of genuine follow-through support and settled 5 cheaper on balance at 395p. Fisons also shed 5, to 284p, on lack of interest. Among other Chemicals, Dixor-Strand shed 2 for a two-day fall of 6 to 18p, but Coalite, at 105p, recouped part of the previous day's fall of 3. Croda issues came in for support, the ordinary hardening ½ to 52½p and the deferred a penny to 29p.

Ernest Jones good

Stores again trended firmer and, although the day's best levels were not maintained, most finished a penny or two above the overnight positions. Mothercare added a couple of pence at 218p, as did GUS "A," at 388p, and Marks and Spencer, at 90p. British Home Stores, however, met selling and shed 5 for a two-day fall of 8 at 264p. Outside the leaders, speculative support revived for Foster Bros., 6 better at 106p, and for Harris Queensway, 4 up at 186p. Freemans added 2 to 124p, while continued talk of a shell operation lifted Polly Peck a further 1¼ to 17½p, almost twice the offer price from Jersey-based Restro Investments.

Jewellers Ernest Jones rose sharply following the increased preliminary profits and dividend coupled with the 100 per cent scrip issue and closed 18 to the good at 216p. Excalibur Jewellery firmed 1½ to 22p following the interim results.

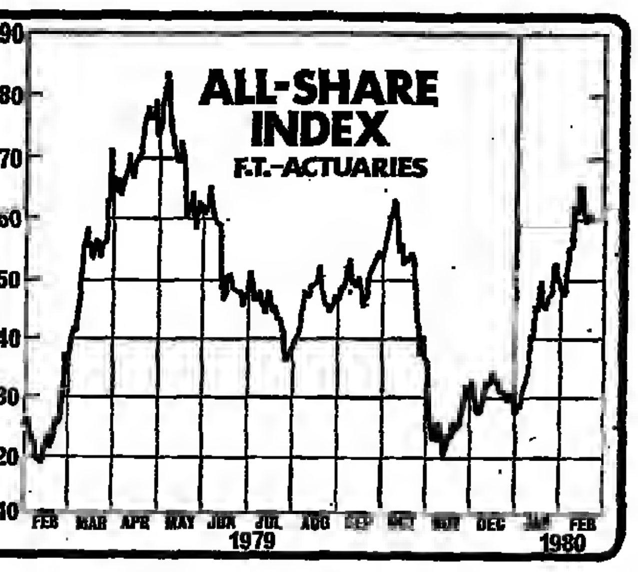
Still reflecting the profits forecast contained in the annual report, United Scientific continued to attract buyers and put on 9 further to 482p. Elsewhere in the Electrical sector, Electrocomponents firmed 5 to 510p and Wholesale Fittings a similar amount to 575p, while Highland were noteworthy for a gain of 4 to 56p. Newman Industries closed 2 cheaper at 51p; news that the Prudential Assurance had won its court action against the company came well after market hours. Among the leaders, GEC improved to 387p before settling a few pence dearer at 383p, while Thorn, 318p, also ended a shade better.

Apart from Tubes, which closed 4 to the good at 304p, the Engineering leaders gave fresh ground after a slightly firmer trend at the opening. Hawker ended the day with a fall of 6 at 176p, while GKN closed 5 lower at 258p. Elsewhere, trading conditions were extremely quiet and movements were restricted to a few pence either way. Compared with the suspension price of 31p, dealings resumed in Delson at 52p following news of the agreed bid from McKechnie Bros. Scattered buying interest left Rotork and Lake and Elliot 3 higher at the common price of 55p, while Simon Engineering became a better market and picked up a few pence to 242p. On the other hand, disappointing preliminary results left Drake and Scull a net 3 down at 41p, after 46p. Losses of 2 or 3 pence were also recorded in Braithwaite, 80p, Vosper, 170p, and F. Pratt, 60p.

John Brown closed a penny lower at 51½p; the price in yesterday's issue was incorrectly shown against Bullough shares which were unaltered at 168p.

Business in leading Foods improved slightly. Among Supermarkets, J. Sainsbury added 5 to 293p and Associated Dairies 4 to 178p, while Bejam firmed 3 to a 1979-1980 peak of 63p, the last-named in belated response to the acquisition of Fine Fare's freezer food operations for £2.9m cash. Elsewhere, Unigate improved a couple of pence to 125p while Avana attracted a fresh speculative interest and added 3 to 121p.

In Hotels and Caterers, Norfolk Capital firmed 2 to 43p on the satisfactory annual results and property revaluation. Speculative favourite Savoy A also added 2, to 127p.



Wedgwood higher

Inclined firmer at the start, miscellaneous Industrial leaders drifted back to close without much alteration on the day. Beecham finished a penny lower at 125p, after 128p, while Bowater ended a similar amount cheaper at 179p. Elsewhere, Wedgwood continued to attract buyers following the third-quarter figures and put on 4 more to 73p. Satisfactory preliminary results left Thermal Syndicate 3 better at 119p, but Elbar encountered selling in a restricted market and gave up 10 to 210p. Polymark firmed 4 to 76p along with ICL, a similar amount dearer at 139p, while Dundonian rallied a few pence to 52p. Still reflecting Press mention, Denbyware hardened a penny further to 108p. On the other hand, Booker McConnell came on offer and fell 8 to 267p and Applied Computer gave up 5 to 325p.

Motor Components recovered most of Monday's losses which stemmed from a gloomy outlook for the Engineering industry. Dowty picked up 3 at 189p, while Armstrong Equipment, 53p, and Associated Engineering, 69p, both added a penny. With the exception of Lex Service, 1½ better at 90p, Distributors were rarely tested and closed around the overnight positions.

Interest in Properties was confined to selected secondary issues. Warner Estate, a rising market of late on the annual report, attracted increased interest and, in a thin market, put on 18 to 250p. Westminster and Country responded to the sharply increased profits and dividend with a gain of 5 to 42p, but City Offices eased 2 to 84p on disappointment with the preliminary statement. Marler Estates picked up 3 to 48p on small buying in a thin market, but Rush and Tompkins encountered late selling and shed 4 to 128p. Business among the leaders was particularly slow and prices barely stirred from overnight levels.

Burmah improve

The majority of Oil shares ended the day with small improvements after a relatively lively trade. Among the more speculative issues, late support took Burmah further ahead to close with a rise of 5 at 217p. Ultramar were also in demand at 492p, up 14, while North Sea Assets jumped 10 to 90p following the drilling report. Aran Energy returned to favour with a gain of 18 at 370p. By way of contrast, Caledonian Offshore, up 170 on Monday, reacted 70 to 240p in an extremly thin market following the company's statement regarding a possible farm-out agreement on its North Sea block 29/02. Among the leaders, BP, 402p, and Shell, 374p, both ended the day a few pence harder.

Trusts made a mixed showing. Among the firm spots, Atlantic Assets were in renewed demand and put on 4 to 176p for a two-day gain of 10.

Awaiting further development on the bid front, Furness Withy encountered profit-taking and reacted to 365p before closing only 4 down on the day at 373p. Elsewhere in the Shipping sector, renewed speculative support in a restricted market left Stag Line 19 higher at 185p, after 190p.

Textiles closed firmer where altered. Lister added 2 to 86p, as did Tern-Consulate, at 73½p. Carrington Viyella, annual results due today, held steady at 17½p, but Blackwood Morton remained unsettled by the mid-term deficit and proposed mill closures and shed 2 more to 18p.

Magnet up again

The speculative Australian issues provided the main features in mining markets. The Magnet Metals group of companies came in for renewed demand which lifted Magnet 7 to 69p for a two-day gain of 28½, while Lennard Oil rose 9 to 105p and Monarch Petroleum 4 to 43p.

Recent speculative favourites Samantha and Otter moved erratically. Samantha fluctuated between 145p and 161p before closing 9 firmer on balance at 157p while Otter were finally a net 5 up at 130p.

Haoma Gold and North West Mining sprang to life following news that the companies' jointly owned overseas subsidiary has discovered gas in North America. Haoma jumped 10 to 45p and North West 3 to 34p.

Paringa Mining and Exploration were well supported and closed 13 higher at 78p in front of news that Hampton Areas had acquired a 14.9 per cent stake in the company; the latter were unaltered at 320p.

The Ashton partners moved up reflecting news that a diamond pilot processing plant is to be installed at the sitt of the Argyle prospect in the Kimberley region of Western Australia. Ashton Mining put on 6 to 170p and Conzinc Riotinto a like amount to 328p, but Northern Mining were unchanged at 144p.

South African Golds showed signs of weakening in the after-hours, business after edging up for most of the day on U.S. and Johannesburg buying.

The afternoon decline in the bullion price — finally $14 lower at $648.5 an ounce — encouraged modest selling from America but the Gold Mines index still managed a gain of 4.4 to 351.8.

Financials were generally subdued. Among the London-registered issues, Rio Tinto-Zinc hardened 2 to 460p, but Gold Fields gave up 6 to 510p. In South Africans, Anglo-Vaal were prominent with a gain of £2¼ at £18 following a rise in the shares in Johannesburg.

Platinums were quietly mixed. Impala improved 8 to 320p on consideration of the sharply increased profits and dividend, but Rustenburg slipped 4 to 276p and Lydenburg 6 to 180p.

FINANCIAL TIMES STOCK INDICES

—	Feb. 19	Feb. 18	Feb. 15	Feb. 14	Feb. 13	Feb. 12	A year ago
Government Secs.	65.96	65.80	66.02	66.97	67.05	66.10	66.28
Fixed Interest	65.94	66.74	67.07	67.64	67.40	66.86	66.95
Industrial	461.8	463.0	462.6	473.9	478.8	469.3	460.1
Gold Mines	351.8	347.4	349.7	358.3	355.8	358.5	179.5
Ord. Div. Yield	7.18	7.17	7.18	7.01	6.92	7.08	8.18
Earnings, Yld. % (full)	17.67	17.63	17.68	17.22	17.06	17.34	16.10
P/E Ratio (net) (*)	6.93	6.95	6.94	7.11	7.18	7.07	8.05
Total bargains	18,217	18,918	24,628	27,608	26,861	27,674	—
Equity turnover £m	—	98.35	145.06	198.07	154.04	156.38	82.99
Equity bargains total	—	14,501	21,185	22,688	19,192	21,966	16,976

10 am 466.6. 11 am 466.5. Noon 464.1. 1 pm 463.4. 2 pm 463.1. 3 pm 463.0.

Latest Index 01-246 8026.

*Nil=6.67.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (16/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.2 (4/5/79)	49.4 (26/6/40)
Gold Mines	360.4 (18/1/80)	129.0 (17/4)	442.3 (22/5/75)	43.6 (26/10/71)

S.E. ACTIVITY

	Feb. 19	Feb. 18
—Daily		
Gilt Edged	119.1	150.1
Industrials	111.6	118.4
Speculative	47.2	63.9
Totals	76.9	84.5
5-d'y Av'r'ge		
Gilt Edged	118.5	120.7
Industrials	134.6	143.8
Speculative	78.5	96.0
Totals	95.0	5.5

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (32)

CANADIANS (1)
Gulf Oil Canada
BUILDINGS (2)
Mixconcrete Vibroplant
STORES (1)
Polly Peck
ELECTRICALS (3)
Decca A Wholesale Fittings
Dubilier
ENGINEERING (1)
Delson
FOODS (1)
Bejam
INDUSTRIALS (4)
Ovenstone Ropner
Press (Wm.) Do. A
LEISURE (1)
Glasgow Pavilion
MOTORS (1)
Supra
PROPERTY (3)
McKay Secs. Westminster & Country
Warner Estate
SOUTH AFRICANS (1)
Greatermans A
TRUSTS (1)
Transatlantic Market
OIL & GAS (4)
Burmah Ranger Oil
Magnet Metals Ultramar 7pc Conv.
OVERSEAS TRADERS (1)
Nesco Investments
MINES (7)
West Rand Hartebeestfontein Paringa
Western Holdings Malay Dredging
Anglo-Vaal

NEW LOWS (11)

STORES (2)
Blackman & Conrad Ford (Martin)
ENGINEERING (1)
Walker (C. & W.)
INDUSTRIALS (3)
Ebar Inds. Maddock Manch. Ship Canal
LEISURE (1)
Boosey & Hawkes
NEWSPAPERS (1)
Webster
TEXTILES (2)
Blackwood Morton Toyobal
Cawdaw

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	76	—	8
Corpns. Dom. and Foreign Bonds	14	4	48
Industrials	264	191	943
Financial and Prop.	121	51	314
Oils	10	3	18
Plantations	1	7	20
Mines	48	7	46
Others	22	3	137
Totals	578	316	1,341

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	375	48	0	—	—	—	—	402p
BP	390	—	—	55	4	64	4	
BP	400	26	5	—	—	—	—	
Cons. Gold	420	06	0	118	—	—	—	509p
Cons. Gold	500	06	30	62	—	64	—	
Cons. Gold	550	16	10	34	—	58	—	
Courtaulds	70	10	—	13	—	14½	—	77p
Grand Met.	140	5½	—	13	—	17	—	134p
Grand Met.	160	2	—	6½	2	—	—	
ICI	360	41	5	62	—	71	—	395p
ICI	390	27	3	44	16	52	—	
ICI	460	15	12	31	—	37	—	
Land Secs.	280	30	10	40	—	52	—	298p
Marks & Sp.	90	8½	—	12½	136	15	—	91p
Marks & Sp.	100	4½	—	7½	10	11	—	
Shell	330	48	20	68	—	72	—	375p
Shell	360	30	2	44	—	54	—	
Shell	390	15	12	27	16	33	—	
Totals			126		187		17	
		February		**May**		**August**		
Boots	180	4	5	16	—	22	—	182p
EMI	100	30	1	46	—	—	—	129p
EMI	110	29	2	—	—	—	—	
EMI	120	10	16	26	5	—	—	
EMI	130	2	1	[illegible]	[illegible]	—	—	
Racal Elec.	180	36	1	47	[illegible]	66	—	215p
Racal Elec.	200	16	[illegible]	33	[illegible]	40	—	
Racal Elec.	220	1	[illegible]	21	[illegible]	28	—	
Racal Elec.	240	[illegible]	[illegible]	11	10	16	—	
RTZ	300	162	[illegible]	174	—	189	—	459p
RTZ	330	132	[illegible]	147	—	162	12	
RTZ	360	102	[illegible]	122	—	110	—	
RTZ	390	72	[illegible]	97	—	87	—	
RTZ	420	42	[illegible]	66	—	63	—	
RTZ	460	12	[illegible]	43	27	52	15	
RTZ	500	—	[illegible]	[illegible]	—	[illegible]	—	
Totals			72		59		85	

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Feb. 19, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Feb. 18 Index No.	Fri., Feb. 15 Index No.	Thurs., Feb. 14 Index No.	Wed., Feb. 13 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	245.57	+0.3	17.80	6.37	7.09	244.72	245.55	250.52	249.06	226.89
2 Building Materials (27)	238.75	+0.6	16.63	6.57	7.68	237.39	238.70	244.27	241.28	200.99
3 Contracting, Construction (29)	372.75	+0.4	23.25	6.51	4.91	371.40	372.20	375.33	369.28	338.04
4 Electricals (15)	635.96	+0.5	12.72	3.98	10.48	632.70	625.75	642.77	646.77	542.71
5 Engineering Contractors (11)	300.01	+0.1	24.69	8.53	5.16	299.58	303.86	306.54	302.84	344.92
6 Mechanical Engineering (74)	168.63	+0.5	20.37	7.73	6.09	167.85	170.27	173.75	171.86	174.95
8 Metals and Metal Forming (16)	164.51	-0.7	20.69	9.23	5.77	165.67	167.91	169.27	168.17	156.95
CONSUMER GOODS										
11 (DURABLE) (50)	222.26	+0.2	16.08	5.50	7.67	221.75	220.99	222.98	224.22	208.57
12 Lt. Electronics, Radio, TV (15)	313.59	+0.2	12.27	4.11	10.46	313.00	310.64	312.17	314.80	273.33
13 Household Goods (14)	114.60	+0.4	26.57	9.57	4.50	114.18	113.45	114.85	113.73	159.28
14 Motors and Distributors (21)	111.59	+0.3	24.00	8.35	4.92	111.26	111.16	114.33	114.47	113.78
CONSUMER GOODS										
21 (NON-DURABLE) (173)	220.89	+0.4	18.35	6.93	6.72	219.90	219.34	225.14	224.61	209.42
22 Breweries (14)	260.44	+1.0	17.16	6.71	6.84	257.86	257.95	262.21	259.63	224.59
23 Wines and Spirits (6)	291.45	+0.2	18.62	6.36	6.63	292.19	292.05	298.12	298.95	296.37
24 Entertainment, Catering (17)	306.96	+0.8	18.18	6.84	6.88	304.67	303.91	312.47	310.35	275.93
25 Food Manufacturing (19)	203.58	—	19.89	7.16	6.22	203.49	203.62	208.78	208.03	198.97
26 Food Retailing (15)	505.39	+1.1	13.61	4.91	8.78	501.95	502.99	508.22	504.56	238.44
32 Newspapers, Publishing (13)	449.18	+0.2	22.47	6.69	5.87	449.01	449.85	455.59	456.57	380.97
33 Packaging and Paper (15)	131.06	-0.4	22.72	8.67	5.66	131.52	131.79	134.86	134.22	133.91
34 Stores (43)	217.50	+0.6	14.14	5.23	9.14	216.17	215.10	222.29	224.96	193.31
35 Textiles (23)	134.65	+0.5	27.34	12.08	4.63	133.98	132.70	134.43	134.72	170.35
36 Tobaccos (3)	208.76	+0.3	27.82	11.27	4.03	208.16	207.69	214.30	219.28	244.39
37 Toys and Games (6)	39.91	-12.4	41.81	17.94	3.08	45.55	46.23	46.42	43.37	90.97
41 OTHER GROUPS (97)	211.02	-0.3	15.88	6.48	8.03	211.61	213.23	215.44	214.41	196.02
42 Chemicals (17)	312.81	-0.5	15.71	6.44	7.35	315.40	309.46	314.44	317.88	283.12
44 Pharmaceutical Products (7)	223.47	+0.5	12.77	5.13	10.22	222.40	223.88	221.91	225.85	242.21
45 Office Equipment (6)	119.37	+0.7	17.74	6.86	6.55	118.38	119.22	120.33	122.82	125.19
46 Shipping (10)	477.30	-0.4	11.09	6.77	11.57	479.44	484.88	494.85	474.89	402.10
49 Miscellaneous (57)	240.63	+0.1	14.21	6.29	7.82	240.21	236.50	255.99	251.63	211.79
49 INDUSTRIAL GROUP (492)	232.02	+0.2	17.24	6.56	7.37	231.50	231.20	236.37	236.00	217.24
51 Oils (8)	809.25	+0.6	13.89	5.89	7.78	804.15	797.45	813.64	831.08	558.56
59 500 SHARE INDEX	277.51	+0.3	16.51	6.41	7.29	276.64	275.94	281.90	282.49	245.31
61 FINANCIAL GROUP (117)	199.04	—	—	5.59	—	198.98	198.47	203.13	203.18	170.82
62 Banks (6)	235.17	-0.2	35.85	5.60	3.56	235.72	236.28	238.31	238.89	182.55
63 Discount Houses (10)	237.19	-1.9	—	8.59	—	241.76	240.76	240.75	234.64	228.71
64 Hire Purchase (5)	178.42	—	18.64	5.53	6.99	178.42	177.53	181.92	178.40	158.25
65 Insurance (Life) (10)	171.91	-0.1	—	6.12	—	172.05	170.15	176.53	176.86	129.05
66 Insurance (Composite) (9)	138.22	-0.1	—	7.46	—	138.29	137.74	140.05	140.08	122.71
67 Insurance Brokers (10)	282.35	+0.3	17.49	6.95	8.22	281.56	282.67	287.68	287.22	302.12
68 Merchant Banks (14)	105.83	+0.2	—	5.72	—	105.65	105.75	106.46	105.73	77.91
69 Property (44)	363.20	+0.5	3.60	3.04	38.85	361.56	364.57	371.49	369.01	285.52
70 Miscellaneous (9)	133.85	-0.3	15.52	6.79	8.46	134.31	135.74	137.13	135.08	111.82
71 Investment Trusts (109)	232.10	+0.1	—	5.45	—	231.91	232.99	240.41	236.59	207.44
81 Mining Finance (4)	221.37	-0.2	10.41	3.99	11.66	221.92	222.35	224.26	230.07	121.26
91 Overseas Traders (20)	423.33	+0.3	11.84	5.34	10.37	422.05	420.47	436.51	427.34	331.79
99 ALL-SHARE INDEX (750)	260.63	+0.2	—	6.14	—	260.02	259.55	265.40	265.72	225.76

FIXED INTEREST PRICE INDICES

British Government	Tues., Feb. 19	Day's change %	xd adj. today	xd adj. 1980 to date
1 Under 5 years	99.78	+0.16	—	2.10
2 5-15 years	103.91	+0.38	—	2.30
3 Over 15 years	108.69	+0.40	—	1.53
4 Irredeemables	129.33	+0.89	—	—
5 All stocks	103.97	+0.31	—	1.81

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.		Tues., Feb. 19	Mon., Feb. 18	Year ago (approx.)
1 Low Coupons	5 years	12.93	13.00	10.30
2	15 years	12.73	12.77	12.10
3	25 years	12.73	12.77	12.92
4 Medium Coupons	5 years	14.97	15.04	11.17
5	15 years	14.29	14.37	13.57
6	25 years	14.12	14.17	13.57
7 High Coupons	5 years	15.11	15.18	13.48
8	15 years	14.64	14.76	13.93
9	25 years	14.57	14.63	14.11
10 Irredeemables		11.80	11.52	12.53

	Tues., Feb. 19 Index No.	Yield %	Mon. Feb. 18	Fri. Feb. 15	Thurs. Feb. 14	Wed. Feb. 13	Tues. Feb. 12	Mon. Feb. 11	Fri. Feb. 8	Year ago (approx)
15 20-yr. Red. Deb & Loans (15)	61.06	14.49	61.06	61.10	61.18	61.25	61.18	61.38	61.79	61.37
16 Investment Trust Prefs. (15)	48.34	15.95	48.28	48.20	47.86	47.86	47.77	47.62	47.62	46.72
17 Coml. and Indl. Prefs. (20)	51.70	14.51	51.70	51.71	51.81	51.87	51.80	51.86	51.70	50.60

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Burmah Oil	£1	8	217	+5	217	82
ICI	£1	8	395	−5	415	314
Racal Electronics	25p	8	216	+1	276	168½
Shell Transport	25p	8	374	+2	402	278
BAT Inds.	25p	7	237	+2	362	230
Coats Patons	25p	6	47½	+1	77	44½
Cons. Gold Fields	25p	6	510	−6	617	178
Imperial Group	25p	6	82½	−½	108	71½
LASMO	25p	6	480	+4	512	124
Premier Cons.	5p	6	74½	+2½	87	15½
RTZ	25p	6	460	+2	492	226
Allied Breweries	25p	5	76	—	102	73
GEC	25p	5	383	+2	456	311
GUS A	25p	5	388	+2	448	288
Imp. Cont. Gas	£1	5	734	+6	773	358

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 18	Feb. 29	May 9	Jun. 9
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun. 26	Jul. 7

For rate indications see end of Share Information Service

Calls were dealt in Burmah, Woodside, KCA, Philip Kunick, National Carbonising, Highland Distillers, Coral Leisure, Carpets International, Premier Oil, Camford Engineering, Debenhams, Charterhall, Brook Street Bureau, Burton Warrants, LRC, FNFC, Town and City, Denbyware, RTZ and Cons. Gold Fields. Puts were transacted in Dunlop, Grand Met., UDS and Beecham, while doubles were arranged in Charter Cons., GUS A, Town and City, FNFC, BP and Premier Oil.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
£1	F.P.	21/3	102	100	Child Health Res'ch	102	+1	—	—	—	—
190	F.P.	7/3	106	98	Ernest Lighting	106	—	b6.0	3.0	8.1	4.8
£1	F.P.	[illegible]	11	10	Kaps Inv. Trust	10	—	—	—	—	—
‡‡	F.P.	7/3	88	73	Lon.Merc'tSecs.Defd	76	−2	—	—	—	—
‡‡	F.P.	7/3	227	220	Worldshave NVDF	224	—	QF1.6	1.1	3.5	10.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	16/5	37p	36p	Aurora 9.85% Cum. Pref.	36½p	—
120	F.P.	15/6	121pm	120pm	Clifford(Chas.) 11% Cum. Pref.	118p	+1
—	F.P.	26/2	96	94	Felixstowe Dock 9% Cum Red Pref.	96	—
—	F.P.	22/2	98	96	Hewitt (J.) 10% Cum. Pref.	96p	—
‡‡	£10p	24/4	9	8	Rk'm'nw'h & Uxbridge Wtr. 9% Red Pref 1985	9	—

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −
£92.60	Nil	[illegible]	15pm	10pm	Bank of Montreal	15pm	+1½
33½	Nil	22/2	26pm	22pm	Edwards (Louis C.)	26pm	—
45	F.P.	6/1	58	52	Elson & Robbins	55	—
30	F.P.	[illegible]	845	860	Hammerson Prop. A	845	—
48	Nil	[illegible]	46pm	20pm	Hanimex Corp.	46pm	—
60cts	Nil	[illegible]	30pm	15pm	Pancontinental	30pm	—
28	Nil	[illegible]	12pm	10pm	Paringa	10pm	—
25	Nil	[illegible]	50pm	30pm	Premier Cons. Oilfields	50pm	+1
50	Nil	[illegible]	40pm	16pm	Rand London Coal Units	16pm	−9

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	49.0	51.9	+0.2	1.93
Abbey Capital	36.7	39.6	+0.3	5.57
Abbey General	47.8	51.1	+0.2	5.79
Abbey Gilt & F.I. Tst.	99.6	106.0	+0.6	4.72
Abbey Income	42.0	45.4	+0.2	8.49
Abbey Intl. Bd. Tst.	92.3	96.7	-0.2	5.69
Abbey Inv. Tst. Fnd.	38.8	41.9	....	5.57
Equitas Prog. Trust	71.2	77.0	+0.2	5.64

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	90.3	95.1xd	....	13.01

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	76.8	82.2xd	-1.9	5.84
Brit. Inds. Fund	70.3	75.2	+0.2	5.98
Growth & Income	42.0	44.9	+0.1	5.61
Elect. & Ind. Dev.	38.7	41.4	+0.2	5.07
Allied Capital	78.4	83.9	....	5.24
Hambro Fund	120.3	128.7	+0.4	5.71
Hambro Acc. Fund	146.6	156.9	+0.4	5.35

Income Funds

High Yield Fd.	69.5	74.4xd	+0.2	9.95
High Income	72.6	77.7	+0.1	7.59
A. H. Eq. Inc.	41.7	44.6xd	+0.1	7.83

International Funds

International	29.5	31.6xd	-0.1	3.43
Pacific Fund	47.6	50.9	+0.7	2.43
Secs. Of America	61.4	65.7	+0.3	2.13

Specialist Funds

Smaller Co.'s Fd.	48.5	51.9	+0.1	4.53
2nd Smlr. Co's Fd.	58.3	62.4	+0.1	4.57
Recovery Sits.	116.5	124.7	+0.5	6.21
Met. Min. & C'dty.	61.9	66.2	-0.2	4.46
Overseas Earnings	60.3	64.5	+0.1	5.27

Exempt Funds

Far East Exempt	54.2	56.4	-0.2	3.14

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Feb. 8	210.2	224.2	....	5.31

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.7	29.6xd	....	5.92
Gt. Winchester O'seas	20.8	23.1xd	....	2.38

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	76.4	82.2	....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	77.1	81.1	-0.4	4.87

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1A0. 01-248 4891

American	26.7	28.2	+0.1	1.00
Fixed Interest	25.5	26.9	+0.1	12.00
Growth + Income	29.2	30.8	+0.1	7.8
Special Sits.	29.4	31.0	....	3.00

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	29.2	31.4	....	2.33
Accum. Units	35.4	38.1	....	2.33
J. Finlay High Income	34.3	36.9	....	9.36
J. Finlay Euro.Fin.	23.1	24.8	....	3.41
Accum. Units	28.5	30.7	....	3.41
J. Finlay Fd.In.Tst.	33.5	36.0	....	5.28
Accum. Units	40.4	43.5	....	5.28

Prices on February 13. Next dealing February 20.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	53.0	56.8	....	1.28
American Turnaround	53.2	56.4	....	2.00
Capital Tst.	55.6	58.0	....	4.68
(Accum. Units)	54.6	58.0	....	4.68
Extra Income Trust	48.6	51.6	+0.2	10.20
Income Tst.	38.2	40.6	....	8.20
Int. Growth Fd.	45.0	47.8	-0.4	2.10
(Accum. Units)	47.4	50.4	+0.2	2.10

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	50.7	53.5	+0.3	4.75
Do. Accum.	69.0	73.7	+0.4	4.75

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Feb. 14	122.4	122.9	....	4.72
Gross Inc. Feb. 14	77.6	81.4	....	10.81
High Yield Feb. 14	90.5	93.5	....	9.66

*Unauth. Restricted to monies under Court control.

OFFSHORE & OVERSEAS FUNDS

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	40.8	43.0xd	....	13.50
Unidollar Trust	US$13.31	13.99	....	2.00
Unibond Trust	US$93.63	94.63	-0.99	10.00

1, Thomas St., Douglas, Isle of Man. 0624 4856

Unicorn Aust. Ext.	68.6	73.8xd	....	1.2
Do. Aust. Min.	60.9	65.5	-0.8	1.1
Do. Grtr. Pacific	93.4	100.5	....	—
Do. Intl. Income	35.1	37.7	....	9.30
Do. Isle of Man Tst.	41.0	44.1xd	....	10.20
Do. Manx Mutual	37.1	39.9	....	1.90

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *Feb. 4	US$70.90	75.39	....	—
CANRHO **Feb. 4	£1.464	1.553	....	—
COUNT** Feb. 4	£4.262	4.521xd	....	1.15

Originally issued at *$10 and **£1. Next val. Mar. 3.

Bishopsgate Progressive—Ldn. Agents
9, Bishopsgate, EC2N 3AD 01-588 6280

BNAUT Inc. Feb. 13	US$3.83	4.03	....	2.00
BNASF Feb. 14	122.00	130.29	....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest		LF1.173	+3	4.10
Guernsey Inc.	74.6	79.6	....	4.51
Do. Accum.	96.7	103.7	....	4.51
K.B. Eurobond Fd.	£9.55	9.61	....	9.27
K.B. Far East Fd.		19.00	....	1.58
K.B. Gilt Fund	£9.67	9.73xd	....	13.90
K.B. Int. Bd. Fd. Inc.		US$96.05xd	....	9.28
K.B. Int. Bd. Fd. Acc.		US$105.81	....	—
K.B. Intl. Fund		14.66	....	1.91
K.B. Japan Fund		US$29.99	-0.50	1.00
K.B. Sterl. Asset Fd.	£10.62	10.63	+0.03	—
K.B. U.S. Gwth. Fd.		US$16.34xd	....	1.28
Signet Bermuda		US$6.52	....	1.54

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I. 0534 37361

L.B. External Fund	US$9.40	10.01	....	0.07

Continued on previous page

Stewart Wrightson
International Insurance Brokers for Transport

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[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

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Undated

[illegible]

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[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

High	Low	Stock	Price	+ or -	Int.	Red.
103¼	96	FFI 13pc 1981	95½	......	13.33	16.42
103¼	95½	Do. 14pc '83	94	......	14.89	15.89
84½	77½	ICFC 5½pc Deb. '80-82	82	......	6.90	15.33
85	69	Do. 6¼pcDb. '81-84	73½	......	8.71	14.70
99	79½	Do. 10¼pc Uns.Ln. '86	85	......	12.55	14.75
99	77	Do. 11pc Uns.Ln. '88	84½	......	13.24	14.25
101½	80	Do. 11¾pc Uns.Ln. '90	85½	......	14.00	14.90
72½	54½	Do. 7¼pcADeb. '89-92	58½	......	12.79	14.85
69	51½	Do. 7¼pcA Db. '91-94	58	-½	13.26	15.00
72	64	Do. 9pc'A' '91-94	70	......	13.61	14.70
78½	61	Do. 8¾pcLn. '92-97	63xd	......	14.08	14.75
102	55	Do. 12¼pc Uns. Ln. 1992	86½xd	......	14.45	14.95

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

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BANKS AND HIRE PURCHASE

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BANKS & HP—Continued

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Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

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[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INSURANCE—Continued

PROPERTY—Continued

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FINANCE, LAND—Continued

DAIWA SECURITIES

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
430	97	Coronation	365	......	Q54c	2.2	8.0
680	132	Falcon Rh.50c	640	+5	Q100c	1.7	10.8
48	11	Rhod'n Corp. 16½p.	41	+1	0.56	6.5	2.0
267	70	Roan Cons. K4	242	−5	Q0.125	φ	3.2
67	26	Wankie Col. Rh.1	50	......	Q9c	1.5	10.7
57	9	Zam.Cpr.SBD0.24	48	−1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
28	18	Acmex 50c	23	......	—	—	—
24	4	ACM 20c	20	......	—	—	—
115	50	Bond Corp.	103	−9	Q3.75	2.2	1.9
234	100	Bougainville 50 Toea	214	−3	sQ39½c	φ	9.7
265	84	B H South 50c	240	......	φ—	—	—
12	12	Canada Northwest	12	......	—	—	—
54	8	Carr Boyd 20c	42	+2	—	—	—
526	340	Central Pacific	£23½	+½	—	—	—
356	170	Conzinc Riotinto 50c.	323	−6	Q15c	φ	2.4
36	14	Cultus Pacific N.L.	20	−2	—	—	—
*50	2½	Eagle Corp. 10c	38	−2	—	—	—
26¼	11	Endeavour 20c	24½	......	—	—	—
258	62	G. M. Kalgoorlie 25c	230	......	†Q3c	—	0.7
340	148	Hampton Areas 5p.	320	......	3.5	2.8	1.6
75	20	Haoma Gold N.L.	45	+10	—	—	—
72	25	Metals Ex. 50c	64	−2	—	—	—
324	134	M.I.M. Hldgs. 50c	292	......	†Q14c	1.8	2.8
35	15	Minefields Expl.	35	......	—	—	—
155	30	Mount Lyell 25c	135	−5	—	—	—
44	13	Newmetal 20c	20	−3	—	—	—
210	91	††North B. Hill 50c.	150	+2	Q12c	1.4	3.2
80	7½	Nth. Kalgurli	69	+5½	—	—	—
165	45	Nth. Mining Corp.	144	......	—	—	—
71	18	N. West Mining N.L.	34	+3	—	—	—
235	76	Oakbridge SA1	193	−7	Q12c	4.7	3.2
122	22	Oilmin N.L.	104	−6	—	—	—
205	58	Pacific Copper	200	−6	—	—	—
*575	125	Pancont 25c	475	−10	—	—	—
*78	2	[illegible]	73	+15	—	—	—
495	249½	Peko-Wallsend 50c	460	−30	Q17.5c	φ	1.9
230	125	Selcast A	226	......	—	—	—
610½	145	Southern Pacific	800	+7	—	—	—
*75	3½	Swan Resources 20c.	75	+3	—	—	—
15	12	West Coast 25c	[illegible]	......	—	—	—
262	121	Western Mining 50c.	203	+2	†Q7c	1.6	1.5
30	8	Westmex	24	......	—	—	—
94	40	Whim Creek 20c.	80	......	—	—	—
25	10½	York Resources	15½	......	—	—	—

TINS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
30	25	Amal. Nigeria	27	−1	1.0	2.9	5.3
425	265	Ayer Hitam SM1	345	......	Q290c	0.9	17.1
72	46	Beralt Tin	61	......	4.5	φ	10.5
270	149½	Berjuntai SM1	175	......	†Q95c	1.0	‡
190	125	Geevor	170	......	8.71	3.1	7.3
11	8	Gold & Base 12½p.	10½	......	—	—	—
365	235	Gopeng Cons.	350	......	25.0	φ	10.2
370	269	Hongkong	300	......	35.87	φ	17.1
58	64	Idris 10p	57	......	28.0	φ	12.3
15	9½	Jantar 12½p	15	......	—	—	—
95	33	Kamunting SM0.50	77	......	Q47½c	1.1	13.8
620	310	Killinghall SM1	330	......	Q60c	—	4.1
595	365	Malay Dredging SM1	595	+10	†Q105c	2.6	3.6
57	26	Pahang	33	......	0.44	0.3	1.9
123	60	Pengkalen 10p	97	......	6.0	φ	8.8
275	195	Petaling SM1	250	......	Q150c	φ	12.2
87	33	Saint Piran	60	......	‡2.5	6.4	‡
58	34	South Crofty 10p	40	......	‡3.0	2.0	‡
355	170	South Kinta SM0.50	250	......	Q150c	1.0	12.2
430	285	Sthn Malayan SM1	395	+5	Q175c	2.1	9.0
310	210	Sungei Besi SM1	295	......	†Q520c	1.0	36.0
75	25	Supreme Corp. SM1	55	......	Q16c	—	5.4
105	93	Tanjong 15p	95	......	‡4.5	φ	6.8
115	60	Tongkah H. Tin	80	......	Q45c	1.3	12.6
209	190	Tronoh SM1	265	......	†Q25c	5.2	1.9

COPPER

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
230	55	Messina R0.50	225	+5	Q30c	φ	25

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Yld Gr's
155	78½	Anglo-Dominion	141	−7	—	—	—
66	54	Barymin	65	−1	—	—	—
14½	10	Burma Mines 17½p	13½	......	—	—	—
502	270	Cons. Murch. 10c.	430	−10	Q100c	φ	11.9
595	280	Northgate C$1	480	......	—	—	—
492	226	R.T.Z.	440	+2	†21.5	3.4	3.6
31	12	Robert Mines	22	+2	—	—	—
65	26	Sabina Inds. C$1	46	+2	—	—	—
880	470	Tara Expln. $1	650	+13	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including [illegible]

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FINANCIAL TIMES

Wednesday February 20 1980

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Trudeau swept back to power

BY W. L. LUETKENS IN MONTREAL

MR. PIERRE TRUDEAU has heen swept hack into power as Canadian Prime Minister three months after saying he wanted to leave top-level politics.

French-speaking Quebec, always staunchly Liberal in Federal Canadian elections, combined with Ontario, the most populous province, to reverse the defeat inflicted on Mr. Trudeau last May by the Progressive Conservative Party, led by Mr. Joe Clark. The Atlantic province went with the trend, whereas the West elected nnly two of the 146 Liberals returned to Parliament. The Liberals have an overall majority of 11 over the 103 Tories and 32 New Democratic Party members. One seat in Quebec has still to he decided, following the death nf a candidate.

In the West, the Conservatives yielded not to the Liberals, but to the New Democrats, a social democratic group. Only Alberta, rich in oil and gas, remained solid for the Tories.

The business world, hy all acconnts, wanted Mr. Clark to win, hnt markets took the election result in their stride. The Canadian dollar opened firm and the Toronto Stock Exchange rose.

For business, a majnrity government of either party is better than a minority government, especially one dependent on the support of tha New Democrats for survival.

The future of both Mr. Clark and Mr. Trudean is the ohject of much speculation. Mr. Clark may have difficulties persuading the Tories to give him another chance.

Mr. Trudeau has let it be known that he does not want to fight another campaign. He has won general elections in 1968, 1972, 1979 and 1980, and lost once, in 1979.

There are suggestions that he will carry on for a year before the next general election, which must be held by 1985. But one of his closest associates, Senatnr Jean Marchand, said on election night that he expected Mr. Trudeau to serve a full term.

Two main reasons account for the result—doubts about the calibre of Mr. Clark, and the tough budget introduced and defeated in the House of Commons in Decemher. Its main provision was for a quick increase in tha heavily subsidised domestic price of oil, at present equivalent tn only US$12.69 a harrel.

It was to go up hy C$4 (about U.S.$3.44) this year, and by larger steps in the following years. The target was at most 85 per cent of the world price or of the price in Chicago, whichever was lower.

Alberta was enthusiastic about it, and the husiness world welcomed the proposal, which was designed to encourage conservation and to provide money to find new native sources of oil and other energy. But the rest of the country feared for its standard of living, particularly since Mr. John Croshie, the outgoing Financial Minister, also intended to put an excise tax of 18 cents (about 7p) a gallon on petrol.

Trudeau wins control of a divided country, Page 4; Editorial comment, Page 22

Bani-Sadr to head armed forces

By Reginald Dale and Anthony McDermott

THE POSITION nf President Abolhassan Bani-Sadr of Iran was strengthened considerahly yesterday when Ayatollah Khomeini, the country's spiritual and political leader, transferred to him the post of commander-in-chief of the armed forces.

Three days after the president took office nn February 4, Ayatollah Khomeini named him bead of the ruling Revolutionary Council. Yesterday's appointmeut gives the president more authority to deal with the crisis with the U.S. over the 50 hostages being beld in the U.S. embassy in Tehran and with Iran's growing internal problems.

Meanwhile in London, senior Whitehall officials said British arms deals with Iran, which could be worth several hundred million pounds over a period nf years, could still he revived as soon as the U.S. hostages had been released. The deals at stake would he:

- The supply of ammunition and spare parts for the 800 British Chieftain tanks already in the Iranian army's possession;
- The delivery of at least two naval supply ships;
- The possihle renewal of the cancelled contract for British tank transporters.

Tehran Radio, announcing Mr. Bani-Sadr's appointment, quoted Ayatollah Khomeini as saying that at this sensitive time there was a need for the centralisation of power. The appointment reflected a growing realisation that, in the face of regional disturbances within the country and the Soviet invasion of neighbouring Afghanistan, the armed forces had to be strengtheoed.

The appointment enables the president to tighten his control of the armed forces, which are still badly affected by revolutionary purges and political radicalism.

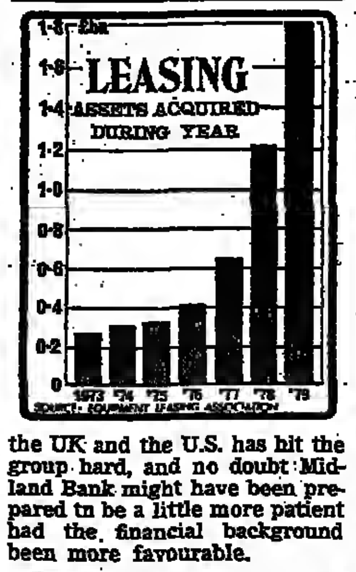
In the past week, command structures have been threatened by the sit-in lasting several days by 2,000 air force and army NCOs at Tehran University demanding the establishment of "soldier councils." Mr. Bani-Sadr disapproved of the indiscipline of the action.

Dr. Kurt Waldheim, the UN secretary general, yesterday appeared to have delayed naming the membership of the five-man commission to investigate allegations against the Shah, uotil Iran's official acceptance had been received. The release of the hostages is dependent on the establishment of this commission.

THE LEX COLUMN

A new twist in Fed policy

Index fell 1.2 to 461.8



Last Friday's rise from 12 to 13 per cent in the Federal Reserve's discount rate did not in itself provide convincing evidence of a tightening of U.S. monetary policy, as the rate had been out of line with the market for some time. But yesterday's testimony by the Fed Chairman before the Housing banking committee does suggest that the Fed's mood has changed. Recent inflation and retail sales data seem to have persuaded the Fed that its worries about provoking too deep a recession have been misplaced, and have compromised its anti-inflationary stance.

This may mean that the policies nutlined nn Octnher 6 will now be put into proper practice. Fed Funds were allowed to rise to over 16 per cent yesterday, whereas over the past few weeks the authorities have consistently intervened at around the 14 per cent level. In one significant passage in his testimony, Mr. Volcker said that the Fed was studying proposals to limit banks' access to the discount window. If these are implemented, the Fed will have firm control at last over the borrowed component of tha reserve base.

The U.S. bond market was once again in chaotic retreat yesterday. Investors are going to require hank reserve growth to come hack under control before they are reassured. Bnt the dollar is already henefiting from the rise in interest rates: yesterday it moved ahove DM 1.75 at one stage, while sterling slipped two cents.

In moderation, weaker sterling can only be welcome to the London markets. January's money supply figures betrayed an uncomfortahly large amonnt of intervention to hold the pound down—yesterday, the Bank of England was giving support to sterling. But the upward pressure on sterling interest rates will be reinforced by events in New York. Although the Bank's manoeuvres will assure the clearing banks of an easy enongh make-np day today, achieving a lower interest rate structure is quite another thing.

Dunbee-Combex

The first major financial crash of the winter has come with the appointment of receivers to Dunbee-Combex-Marx. It would be wrong, however, to regard DCM as primarily a victim of the credit squeeze, although naturally the level of interest rates in both the UK and the U.S. has hit the group hard, and no doubt Midland Bank might have been prepared tn be a little more patient had the financial background been more favourable.

Essentially the fall of DCM can be put down to the risks of loan-financed expansion in the U.S. In 1978 the group bought the loss-making U.S. company Aurora, while the existing American operations at Louis Marx began to run into serious trouble. The parent had guaranteed some $17m nf Marx's debt, and including other overseas subsidiaries guarantees totalling more than twice that figure were reported in the 1978 annual report issued last summer.

When it has come to the crunch DCM has not been able to meet its guarantee liabilities triggered by hankruptcy of its U.S. operations. Midland would not go along with any of the financial reconstruction schemes put np to it, shnrt of receivership. But the do-it-yourself side, Martlet Services Group, will stay under its own management, and plans are going ahead to sell it off, perhaps through a public flotation.

Leasing

The headlong growth of leasing is now beginning to lose momentum. According to the Equipment Leasing Association's figures released yesterday, new leasing business expanded by 48 per cent in 1979 compared with 80 per cent in 1978. While the association's figures apply only to its membership, which is confined in the main to subsidiaries of banks, they no doubt reflect closely the overall level of activity in the market.

Leasing hy association members, at £1.8bn last year, represents 11 per cent of the estimated £16bn capital spending on plant and machinery, vehicles, ships and aircraft in the UK. The association's estimate for a further £350m-£400m leased by non-members raises the proportion to 14 per cent, a figure that approaches 18 per cent on the basis of other less conservative estimates. With penetration in this range it is hardly surpraing that growth is slnwing towards a prohable saturation point in the region of 20 per cent of capital expenditure—the market share at which the U.S. leasing industry appears to have stabilised.

With demand beginning to demonstrate its finite nature, overcapacity in leasing finance supply is now producing some extremely fine rates in the market. In the medium term this process could force commercial and industrial companies to stop being lessors, as the banks will have the competitive edge on them. This prospect would be pushed hack a year or so if the Inland Revenue allows the banks to nse a monetary working capital adjustment to reduce taxable profits and thereby leasing capacity, as Mr. Gordon Richardson, Governor of the Bank of England, suggested in November.

But soon after the leasing market stops expanding, the nnce-and-for-all deferral of tax through leasing that took place in the second half of the 1970s will come to an end, because the market will be able to abaorb little more than returned leasing rents each year. The general run of non-manufacturing companies will again start to face tax bills much closer to the nominal 52 per cent rate. Indeed, to the extent that industrial and commercial companies are forced out of the market, deferred tax will crystallise.

Lonrho

Lonrho's annual report has lost last year's audit qualification over the House of Fraser stake, now that Fraser is unarguably an associate, and the controversial depreciation write-back will disappear next year. There are still douhts over the quality of earnings, with £14m of extraordinary items (net of tax) being dedncted below the line, representing over a third of earnings. Relocation and closure costs of over £7m reflect continued pressures in the UK industrial subsidiaries. But the group is plainly optimistic that events in Africa are moving its way.

Prudential wins case against Newman

By John Makinson

MINORITY shareholders will have significantly mnre protection under the law as a result of a High Court judgment yesterday.

Mr. Justice Vinelott ruled in favour of the Prudential Assurance in its action against Newman Industries and others. He found that Newman had issued a "tricky and misleading circular" in 1975 and that two directors of the company had conspired in framing it and recommending its acceptance by shareholders.

The judgment represents a breakthrougb in company law by extending the circumstances in which a sharebolder can bring an action against directors who bave acted for their nwn benefit and against the interests of shareholders.

The definition of directors liable for such proceedings has heen hased on their having voting control of a company. Now, after the Prudential's successful derivative action, they need only have de *facto* control.

Concluding his reserved judgment, the judge said tbat the plan by the two Newman executives, chairman Alan Bartlett and former vice-chairman John Laughton, "was a conspiracy knowingly and wrongfully to injure Newman and the sbareholders of Newman."

The action springs from a circular issued by Newman ln 1975, proposing to shareholders the purchase for £325,000 of a package of assets and liabilities owned by Thomas Poole and Gladstone China, a company in which Mr. Bartlett and Mr. Laughton held the same posts as at Newman and in which they were major shareholders. The Pru, a minority shareholder in Newman, claimed that the circular was "tricky and/or misleading."

Mr. Justice Vinelott accepted that it was tricky and misleading on all but two of the counts cited by the Pru. He indicated the likely level of damages hy agreeing with the Pru that if the agreement had not heen entered into, Newman would have been able to acquire the package at a price at least £450,000 less than paid, meaning a nil price with fewer TPG liabilities. An inquiry as to damages would also consider interest over the past five years, ao the overall figure could ha at least £800,000.

It is not yet clear, however, to what extent shareholders will benefit directly from the damage payments and to what extent payment will be made to Newman itself. This is hecause the Pru mounted two complementary actions. The first was on hehalf of other shareholders (except Mr. Bartlett and TPG) and the second, the derivative action, on behalf of Newman. Damages will in any event he paid by Mr. Bartlett, Mr. Laughton and TPG.

Details, Page 26

Oil and gas output raises level of economic activity

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

RISING NORTH SEA oil and gas production accounts for almost all the small rise in nverall economic activity in the last year.

Central Statistical Office figures published yesterday show that total outpnt as measured by real Gross Domestic Product grew by 1.6 per cent last year compared with 1978.

It is officially estimated that apart from some growth in the energy sector, principally North Sea oil and gas, the underlying level of activity was much the same as in the second balf of 1978.

Other parts of the economy, notably manufacturing industry, were seriously affected in 1979 by the series of major industrial disputes and by the bad weather at the beginning of the year.

The latest figures show that total output measured by real gross domestic product rose hy 0.4 per cent from the third to the fourth quarter of last year to 109.7 (1975=100, seasonally adjusted).

ECONOMIC ACTIVITY

Gross Domestic Product—based on output data, at constant prices, with 1975=100, and seasonally adjusted.

1975		100.0
1976		102.1
1977		104.6
1978		107.7
1979	1st	107.3
	2nd	111.4
	3rd	109.3
	4th	109.7*

* Preliminary estimate

Source: Central Statistical Office.

Officials suggest that activity in the distributive and motor trades recovered from the depressed levels in the July to September period in the aftermath of the Budget spending spree.

There was some reduction in North Sea oil and gas production, but this was still 24 per cent higher than in the same period of 1978.

The rise in nutput in the fourth quarter recouped only a small part of the 1.9 per cent fall in the previous three months, and supports the impressioo of a sluggish underlying level of activity.

There is little firm statistical evidence yet for the widely expected recession. It has been indicated hy surveys of husiness opinion and hy most economic forecasts.

Consumer spending certainly appears to have weakened in the last two months, and stocks of industry and the retail trade are at very high levels.

These factors are likely to depress the ontput and activity figures soon.

Economic forecasters expect that Gross Domestic Product will decline hy between 1½ and 3 per cent this year compared with 1979. An uncertain factor is the continuing higher-than-expected level of activity in the U.S.

Villiers criticises Government

BY ELINOR GOODMAN AND ROY HODSON

THE GOVERNMENT'S handling of events leading np to the steel strike and its management of affairs during the seven weeks of the strike itself were criticised in outspoken terms last night by Sir Charles Villiers, chairman of the Britisb Steel Corporation.

It is almost unprecedented for the chairman of a nationalised industry to speak against the Government during a crisis involving his industry. Yet Sir Charles told a Press conference in London that there had been instances of "hungled communications hy the Government" nn more than one occasion in recent months concerning steel industry affairs.

Sir Charles made his attack as the Prime Minister was telling the Commons that she had "complete confidence" in him and insisting that there was no question of the Government's undermining his anthority as chairman.

At his Press conference Sir Charles revealed that as far back as September, 1979, he had warned the Government that a steel dispute "could result in a general strike in Britain." When asked how that forecast had been received hy Ministers and Civil Servants, he smiled: "They tnok nnte."

Sir Charles is clearly very angry with the way he has been treated this week hy stories emanating from Government circles. His immediate aoger is directed against Mr. James Prior, the Emplnyment Secretary, whom he accused of being responsible for leaks that the Government was planning a radical reorganisation of the corporation and was head hunting in the U.S. for a replacement for Sir Charles.

He cited stories last weekend of the Government having agreed upon a "U-turn" on its steel policy as being another instnace of bungled Government communications. Sir Charles said he had rung Sir Keith Joseph, the Industry Secretary, to find out what was going on only to be told that the stories were nonsense.

In the Commsns, Mrs. Thatcher acknowledged to MPs that alternative chairmen were being considered. "We would he culpable if we were not already looking for someone as a possihle replacement," she said.

Mrs. Thatcher again emphasised that the dispute was one for the management and unions to sort out hetween themselves.

Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, said yesterday that he did not see how tha present BSC management could remain in office for long.

But be insisted that the unions would he firmly opposed to an American heing recruited to succeed Sir Charles.

Picketing

Continued from Page 1

to operate their voluntary guidelines.

But Mr. Prior, last night received a dusty answer from the TUC.

The TUC said the Government must hear the major responsibility for what was happening on the picket lines. Tha TUC did not condone law-hreaking, had been trying to help settle the steel strike, and unions had issued instructions about picketing.

But it added: "In contrast, there has been no effort by the Government to help, and understandahly feelings are now running high.

"The strike is now entering its eighth week, and there appears to be no immadiate prospect of a hreakthrough. Indeed, the strike ahout pay could merga into a wider dispute about closure of plants, with very serious consequences for parts of the country, like South Wales."

In his letter nf reply to Mr. Prior, Mr. Murray did not directly answer the question put to *him*. But he pointed oot that the TUC guidelines had been agreed with Labour Ministers, were based on the premise that there would not be "legalistic intervention," and that the TUC had warned that it would withdraw the guidance if the Government went ahead with its lahour law changes.

Weather

UK TODAY

RAIN in West and North, mostly dry with hright intervals in South.

London, S., S.E. and E. England, E. Anglia, E. Midlands
Mostly dry, bright intervals. Max 8C (46F).

W. Midlands, N. and N.E. England
Occasional rain, hill fog. Max 7C (45F).

Channel Isles, S.W. and N.W. England, Wales, Lakes, I. of Man
Occasional rain, fog. Max 7C (45F).

Argyll, N.W. Scotland
Mainly dry. Max 6C (43F).

Rest of Scotland, Orkney, Shetland
Occasional rain, hill fog. Max 6C (43F).

N. Ireland
Becoming mostly dry. Max 6C (43F).

Outlook: Unsettled, colder.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	11	52	Locarno	C	4	39
Amsdm.	S	6	43	London	F	9	48
Bahrain	C	19	66	Los Ang.	F	19	66
Barcina.	F	13	55	Luxmbg.	S	4	39
Belfast	C	6	43	Madrid	C	8	46
Belgrd.	F	4	39	Majorca	F	14	57
Berlin	S	3	37	Malaga	C	15	59
Biarritz	C	11	52	Malta	S	14	57
Bmghm.	C	6	43	M'chstr.	F	8	46
Blackpl.	F	8	46	Melbne.	S	30	86
Bordx.	F	11	52	Mex. C.	S	21	70
Boulgn.	F	7	45	Milan	C	6	43
Bristol	C	7	45	Mntreal.	C	−8	18
Brussels	S	6	43	Moscow	S	−6	21
Budpst.	S	5	41	Munich	F	0	32
B. Aires	S	25	77	Nairobi	S	23	73
Cairo	S	19	66	Naples	F	11	52
Cardiff	C	7	45	Nwcstl.	C	6	43
Cape T.	S	23	73	N. York	S	5	41
Chicago	C	4	39	Nice	C	12	54
Cologne	S	5	41	Oporto	R	11	52
Cpnhgn.	C	1	34	Oslo	C	0	32
Dublin	R	7	46	Paris	S	8	46
Dbrvnk.	S	12	54	Perth	C	23	73
Ednbgh.	C	8	46	Prague	F	4	39
Faro	C	15	59	Reykjvk.	C	6	43
Florence	S	10	50	Rio J'o	C	28	82
Frankft.	S	5	41	Rome	F	12	54
Funchal	F	14	57	Salzbrg.	S	5	41
Geneva	S	6	43	Singapr.	S	30	86
Gibrltr.	R	14	57	Stckhm.	C	−2	28
Glasgow	C	7	45	Strasbg.	S	6	43
G'nsey	C	8	46	Sydney	S	28	82
Helsinki	Sn	−2	28	Tehran	C	5	41
H. Kong	S	21	70	Tokyo	Sn	1	33
Innsbrk.	S	3	37	Toronto	C	2	36
Invrnss.	C	6	43	Valencia	R	11	52
I.o.Man	C	7	46	Venice	S	7	45
Jersey	C	8	46	Vienna	C	3	37
J.'burg	C	22	72	Warsaw	C	1	34
L. Pims.	F	15	61	Zurich	C	2	36
Lisbon	C	14	57				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

U.S. inflation

week ago.

But there are other factors at work, including fears that the banks could face a renewed surge of borrowing demands because of what is happening in the long-term bond markets, normally a prime source of credit for corporations.

The Government bond market, which has witnessed its sharpest decline in modern history this year, fell precipitously again at yesterday's opening. The recently-issued long-dated Government hond, the 11¾ per cent of 2005-9, fell a further 3¼ points to 93½ where it was yielding 12.60 per cent to maturity. Corporate bonds fell beavily too.

There are fears that in the face of such unprecedented horrowing costs, corporations will decide to turn to their bankers for more credit, and put off long-term horrowing.

Dealers are anticipating an unenthusiastic reception today for some $4bn of new two-year Treasury notes. An equivalent two-year issue was yielding close to 14 per cent yesterday.

Share prices fell sharply in heavy trading, with the Dow Jones industrial average down almost 12 points at 873.12 at 2 pm New York time The Dow had fallen over 10 points in each of the two previous days.

In spite of the sharp reaction in the stock market, there is widespread uncertainty about the impact of the latest Fed move to tighten credit. Some corporate economists are arguing that the discount rate should have been pushed even higher in a more determined effort to clamp down on the growth of money and credit.

Continued from Page 1

New curbs

general economic and industrial policy.

Mr. Len Murray, TUC general secretary, said the Government had acted under pressure from its wilder supporters.

"They are attacking the fundamental safeguards of workers and their unions, creating conditions in which no one can he sure what tha law in disputes will be, and pushing employers and union further into the quagmire of complex and legal argument and litigation while disputes drag on."

Mr. David Basnett of the General and Municipal Workers' Union accused the Government of choosing to confront nrganised labour. The only result would he industrial chaos and legal nonsense, with trade unionists again ending up in jail as they had under the 1971 Industrial Relations Act.

Workers would "inevitshly" be led to break the law in nrder to defend their interests, said Mr. Ken Gill, of the white-collar section nf the Amalgamated Union of Engineering Workers.

The CBI welcomed the plans, and agreed with the tactic of curbing remote action first, and considering whether to go further in a Green Paper promised later this year.

"Trade unions have unlimited power, subject only to their own self-restraint, to inflict untold harm on industrial enterprises unconcerned with a particular dispute," it said.

But the president of the private steel companies association called the paper a "mouse"

CBI and TUC leaders and others will he invited to comment on the plans before March 21, when it is proposed to insert an amendment into the Employment Bill

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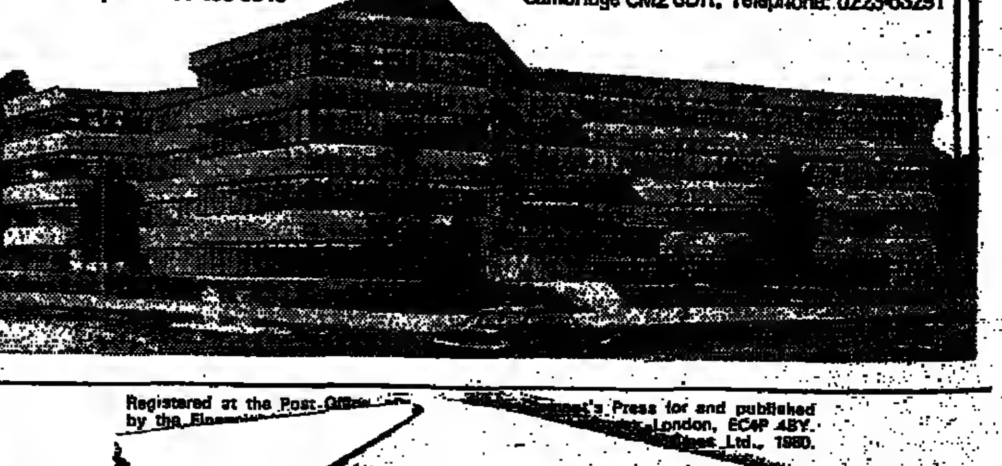

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